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EMERGENCY

Public Notice of Emergency Amendments Of the CDBG-DR Homebuyer Activities Policies and Procedures and the CDBG-DR Homeowner Rehabilitation and Reconstruction Policies & Procedures
Northern Marianas Housing Corporation **051610**

ADOPTION

Public Notice of Certification and Adoption of Amendments To Regulations of the NMIAC 15-20, Parasailing
Bureau of Environmental and Coastal Quality
Office of the Governor **051733**

Public Notice of Certification and Adoption of Regulations On Human Resources Sick Leave Bank
Commonwealth Healthcare Corporation **051735**

PROPOSED

Proposed Amendments to the Personnel Regulations
Northern Marianas Housing Corporation **051742**

Proposed Amendments to the Regulations regarding the Community Development Block Grant – Disaster Recovery (CDBG-DR) Homebuyer Activities Program and Homeowner Rehabilitation & Reconstruction Program Policies and Procedures
Northern Marianas Housing Corporation **051840**

Notice of Amendment to Part 001 General Provisions; Purpose and Scope (NMIAC §10.20.2-001 through 10-20-2.2-020
Civil Service Commission
Office of Personnel Management **051968**

Public Notice of Proposed Rules and Regulations
CNMI Cannabis Commission **051977**

Public Notice of Proposed Amendments to Solid Waste Management Regulations
Bureau of Environmental and Coastal Quality
Office of the Governor **051992**

NORTHERN MARIANAS HOUSING CORPORATION

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PUBLIC NOTICE

EMERGENCY AMENDMENTS TO THE NORTHERN MARIANAS HOUSING CORPORATION'S CDBG-DR HOMEBUYER ACTIVITIES POLICIES & PROCEDURES AND THE CDBG-DR HOMEOWNER REHABILITATION & RECONSTRUCTION POLICIES & PROCEDURES

EMERGENCY ADOPTION AND IMMEDIATE EFFECT: The Northern Marianas Housing Corporation (NMHC) finds that:

(1) the attached Amendments to its CDBG-DR Homebuyer Activities Policies & Procedures and the CDBG-DR Rehabilitation & Reconstruction Policies & Procedures, shall be adopted immediately on an emergency basis because the public interest so requires, for the reasons stated below. 1 CMC § 9104(b), (c) and 1 CMC § 9105(b)(2)); and

(2) the same proposed Amendments to its CDBG-DR Homebuyer Activities Policies & Procedures and the CDBG-DR Rehabilitation & Reconstruction Policies & Procedures shall be adopted, after a proper notice and comment period, as permanent regulations pursuant to the Administrative Procedure Act, 1 CMC § 9104(a).

AUTHORITY: These proposed regulations are promulgated under the authority of the Board of Directors, through its Chairperson, to promulgate rules and regulations pursuant to 2 CMC § 4433(t).

The Administrative Procedure Act provides that an agency may adopt an emergency regulation upon fewer than 30 days' notice if it states its reasons in writing:

(1) If an agency finds that the public interest so requires, or that an imminent peril to the public health, safety, or welfare requires adoption of a regulation upon fewer than 30 days' notice, and states in writing its reasons for that finding, it may, with the concurrence of the Governor, proceed without prior notice or hearing or upon any abbreviated notice and hearing that it finds practicable, to adopt an emergency regulation. The regulation may be effective for a period of not longer than 120 days, but the adoption of an identical regulation under subsections (a)(1) and (a)(2) of this section is not precluded.

(2) No regulation adopted is valid unless adopted in substantial compliance with this section. 1 CMC § 9104(b), (c).

THE TERMS AND SUBSTANCE: The Amendments to the CDBG-DR Homebuyer Activities Policies & Procedures and the CDBG-DR Rehabilitation & Reconstruction Policies & Procedures affect the regulations relating to §100-100.3-001(g) to remove language regarding AMD Property Manager; §100-100.3-005(c)(1) to remove US Post Offices from public notice locations; §100-100.3-101 adding language regarding Title 18, Section 1001; §100-100.3-201(a) replacing green card holder with Permanent Resident; §100-100.3-301 clarifying the types of program and amending the affordability period from 5 years to 10 years; §100-100.3-315(a)(1) amending 5 years to 10 years; §100-100.3-315(a)(2) replacing Forgiveness with Reduction During Affordability Period; §100-100.3-315(a)(3) amending 5 years to 10 years; §100-100.3-315(b) replacing HOME with CDBG-DR; §100-100.3-401 removing Relocation costs; §100-100.3-401(c) amending Grant closing fees and related costs; §100-100.3-605(a) to remove the MCD Manager and transferring duties of the Duplication of Benefits analysis from the CDBG-DR Compliance Manager to the CDBG-DR Housing Administrator; §100-100.3-605(b)(2) to remove the MCD Manager; §100-100.3-605(c)(1) to change the appeal process to go through the NMHC Corporate Director prior to the NMHC Board of Directors; §100-100.3-610(a) to amend the number of housing counseling session hours from eight to four; Part 800 to include a new section on Fraud, Waste and Abuse; Part 1000 to include a new section on Ethics to cover Conflict of Interest; §100-100.3-1101(e)(2)(v) to add additional items in the final payment submission; §100-100.3-1210 to remove acronyms that are no longer applicable; Appendix A.2 to replace the application checklist to reflect the most current checklist; §100-100.4-002(c)(1) to remove US Post Offices from public notice locations; §100-100.4-201 to clarify grant amount for Rehabilitation and Reconstruction Programs; §100-100.4-240(b) to amend grant closings and other related costs; §100-100.4-355(a)(1)(2) to specify the responsibility of the CDBG-DR Housing Administrator; §100-100.4-355(b)(1)(ii)&(2) to remove "loan or"; §100-100.4-360 to amend the number of housing counseling session hours from eight to four; §100-100.4-365 to replace Grant Agreement with Commitment Letter; §100-100.4-365(a) removed section; §100-100.4-370 to clarify language regarding Preliminary Title Reports; §100-100.4-370(d) removed section; §100-100.4-374 to §100-100.4-380 removed sections; §100-100.4-401(f) to replace nine months to twelve months and Grant Agreement with Written Agreement; §100-100.4-401(f)(2)(v) to add additional items in the final payment submission; Part 500 to include a new section on Fraud, Waste and Abuse; §100-100.4-1101 to remove acronyms that are no longer applicable; Appendix A.1, 1.4 to include Davis Bacon requirements.

THE SUBJECTS AND ISSUES INVOLVED: The Amendments modify the regulations set forth for aligning processes for effective program administration and to prevent Fraud, Waste and Abuse specifically for the CDBG-DR Homebuyer Activities Program and CDBG-DR Homeowner Rehabilitation & Reconstruction Program Policies & Procedures.

ADOPTION OF EMERGENCY REGULATIONS FOR 120 DAYS: The Northern Marianas Housing Corporation "NMHC" has followed the procedures of 1 CMC § 9104(b) to adopt these Proposed Regulations on an emergency basis for 120 days.

REASONS FOR EMERGENCY ADOPTION: The Northern Marianas Housing Corporation (NMHC) finds that the public interest requires adoption of these Amendments to the CDBG-DR Homebuyer Activities Policies & Procedures and the CDBG-DR Rehabilitation & Reconstruction Policies & Procedures on an emergency basis, for the following reasons:

1. These amendments are needed for aligning processes for effective program administration and to prevent Fraud, Waste and Abuse specifically for the CDBG-DR Homebuyer Activities Program and CDBG-DR Homeowner Rehabilitation & Reconstruction Program.

DIRECTIONS FOR FILING AND PUBLICATION: The Amendments to NMHC's CDBG-DR Homebuyer Activities Policies & Procedures and the CDBG-DR Rehabilitation & Reconstruction Policies & Procedures shall be published in the Commonwealth Register in the sections on emergency and proposed regulations (*see* 1 CMC § 9102(a)(1)) and posted in convenient places in the Civic Center and in local government offices in each senatorial district. (1 CMC § 9104(a)(1)).

The Northern Marianas Housing Corporation (NMHC) shall take appropriate measures to make these Rules and Regulations known to the persons who may be affected by them (1 CMC 9105(b)(2)).

IMMEDIATE EFFECT: These emergency rules and regulations become effective immediately upon filing with the Commonwealth Register and delivery to the Governor. (1 CMC § 9105(b)(2)) The Northern Marianas Housing Corporation (NMHC) has found that this effective date is required by the public interest or is necessary because of imminent peril to the public health, safety, or welfare. (*Id.*)

TO PROVIDE COMMENTS: No comments are required for these emergency rules and regulations. However, the related Notice of Proposed Amendments to the CDBG-DR Homebuyer Activities Policies & Procedures and the CDBG-DR Homeowner Rehabilitation & Reconstruction Policies & Procedures will specify comment procedures. Please see the notice regarding these emergency Amendments to the Procurement Regulations being presented as proposed regulations, in the March 2025, Commonwealth Register.

The attached emergency regulations were approved by the Northern Marianas Housing Corporation (NMHC) on February 11, 2025.

Submitted by: _____ 03/06/2025
Merced "Marcie" M. Tomokane — Date
Chairwoman
NMHC Board of Directors

Received by: for _____ 03/06/2025
Oscar M. Babauta — Date
Special Assistant for Administration

Concurred by: _____ 3/14/25
Arnold I. Palacios — Date
Governor

Filed and
Recorded by: _____ 3.14.25

Esther R.M. San Nicolas
Commonwealth Registrar

Date

Pursuant to 1 CMC § 2153(e) and 1 CMC § 9104(a)(3), the proposed Amendments to the NMHC CDBG-DR Homebuyer Activities Policies & Procedures and the CDBG-DR Homeowner Rehabilitation & Reconstruction Policies & Procedures attached hereto have been reviewed and approved as to form and legal sufficiency by the CNMI Attorney General and shall be published (1 CMC § 2153(f) (publication of rules and regulations)).

Dated the 14th day of March, 2025.

_____
EDWARD MANIBUSAN
Attorney General

SUBCHAPTER 100-100.3
CDBG-DR POLICIES AND PROCEDURES FOR HOMEBUYER ACTIVITIES

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§ 100-100.3-701 Maximum Homebuyer Program Grant Amount
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§ 100-100.3-1101 Performing New Construction Work

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APPENDIX A.1: Crosscutting Requirements

1.1 Crosscutting Requirements
1.2 Fair Housing

1.3 Environmental Review
1.4 Labor Standards
1.5 Limited English Proficiency
1.6 Minority and/or Women-Owned Business Enterprises
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1.8 System for Award Management (SAMs)
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APPENDIX A.2: HOMEBUYER APPLICATION CHECKLIST

Part 001 - General Provisions

§ 100-100.3-001 Introduction

(a) As a result of the 2018 storms, namely Typhoon Mangkhut and Super Typhoon Yutu, the Commonwealth of the Northern Mariana Islands (CNMI) received an allocation of Community Development Block Grant Disaster Recovery (CDBG-DR) funds which will be administered by the Northern Marianas Housing Corporation (NMHC). NMHC has developed the Homebuyer Program patterned after HUD's HOME program to cover the eligible costs to construct a new home, acquire a home, or to acquire and renovate a home. The governor of the CNMI has placed housing as the highest recovery priority. The total allocation amount under this Program is $59,009,534.

(b) At the time of Typhoon Mangkhut and Super Typhoon Yutu, the CNMI was still and most recently recovering from Typhoon Soudelor that hit the islands in 2015. The Soudelor event received only FEMA assistance and did not receive HUD CDBG-DR funds so recovery efforts have been slow and on-going.

(c) A shortage of available homes for sale or vacant house lots was in existence prior to the typhoons mentioned above. Overall damage to the housing stock compounded the shortage of affordable housing stock. Further, in July of 2017, there were still 2,614 homestead applicants on the waiting list per the Department of Public Lands, demonstrating the continuing need for affordable housing.

(d) The CDBG-DR Homebuyer Program provides an opportunity for first-time homebuyers to build resilient homes or to purchase existing homes in lower risk areas and to add to the housing stock of typhoon-proof homes.

(e) Funds will be made available for eligible projects and to eligible beneficiaries through the following forms of financial assistance or subsidy:
   (1) Grants for acquisition (land or home) or for new construction of home. Must be applicant's primary residence
   (2) Downpayment assistance
   (3) Closing cost assistance

(f) Due to the limited availability of CDBG-DR funds allocated to the Commonwealth of the Northern Mariana Islands (CNMI) from the U.S. Department of Housing and Urban Development (HUD), financial assistance will be limited to qualified extremely low, very low-, low-, and moderate-income homebuyers. No less than eighty percent (80%) of CDBG-DR funds will be used to assist families with income levels at or below 80 percent of the area median income while the remaining twenty percent (20%) of the funds will be used to assist families with income levels at or below 120 percent of the area median income. Eligible households over 80% AMI will meet the national objective of urgent need. These families' income eligibility is based on their annual income. Annual income for this purpose is the gross amount of income anticipated by all adults in a family during the 12 months following the

effective date of the determination. The determination of income and allowances as a criterion to qualify these homebuyers shall be guided by 24 CFR Part 5 (Part 5 annual income).

(g) NMHC, on behalf of the CNMI, has been tasked with the responsibility and administration of the CDBG-DR Homebuyer Program. Support services will also be provided by NMHC's Fiscal Division (FD) with respect to CDBG-DR related disbursement of funds and collection of payments, accounting, and maintenance of financial records. NMHC's ~~AMD Property Manager will provide technical assistance and work with the~~ CDBG-DR Project Manager, in-house engineer/architect, and hired A&E firms with respect to reasonableness of cost estimates, dwelling unit inspections, and other related matters. Overall, the NMHC Corporate Director will assume ultimate responsibility for the efficient and proper administration of the CDBG-DR Homebuyer Program in accordance with federal and local statutory and regulatory requirements.

(h) With these policies and procedures, NMHC will strive to accomplish the following objectives:

(1) Provide for the efficient and effective administration of the CDBG-DR Program wherein eligible beneficiaries can avail the financial assistance provided for the construction of their principal residence, acquisition of their principal residence, or acquisition and repair of their principal residence;

(2) Foster positive working relationships among NMHC, homebuyers assisted with CDBG-DR monies, and Minority and Women-Owned Businesses (MBE/WBE); as well as prospective developers;

(3) Enforce the 2018 International Building Code (IBC) enacted by law and any updates approved by regulations by the CNMI Department of Public Works; and HUD-prescribed residential building standards; and

(4) Preserve and improve the general housing stock of the CNMI. There was an existing housing shortage prior to the storms and the housing/homebuyer market has been stressed and exacerbated by the storms.

(i) These policies and procedures shall govern; however, in situations in which these policies and procedures are silent, NMHC's general standard grants policies/procedures to address these situations in the administration of the CDBG-DR Homebuyer Program will apply.

§ 100-100.3-005 Public Announcement

(a) Publicity.

- Upon notification from HUD of the approval of the grant agreement, NMHC shall publish such approval within thirty calendar days from the date of the approval. General information of the CDBG-DR Homebuyer Program shall be published in the print media

of the widest local circulation and other suitable means available (social media, CDBG-DR website, etc.). CDBG-DR Homebuyer Program information shall also be posted on public and private bulletin boards where announcements are commonly posted. Grant applications may be submitted on or after a specified date to be stated in the public notice.

(1) Note: When it is determined that CDBG-DR funds have been exhausted, the application intake may be closed until funding is once again available. Those applicants who did not submit their grant applications when funds were available may do so once NMHC is notified by HUD of the availability of funds and after such notice is published.

(2) As of the date of this posting, the program is closed. Not all of the current pool of accepted applicants will be able to be served by the program with the current funding available. Care will be taken to ensure that the appropriate number of low and moderate applicants are served based on the Action Plan.

(3) LMI Applicants who were denied assistance under the prior loan program based on high debt-to-income ratios, and who may be otherwise eligible, shall be PRIORITIZED under the grant program over the current pool of eligible applicants currently being served, and before the program is re-opened to the public and after determined to meet the following criteria or conditions:

a. Continued interest and eligibility for program assistance;
b. Determination of Ability to Maintain Housing as prescribed under § 100-100.3.-201 (e); and
c. Receive assistance based in the order of applicants' time stamped application.

(b) Contents. Program announcements shall inform interested applicants on how and where they may obtain an application and additional information on the type of CDBG-DR Homebuyer Program activity being administered in the CNMI. Such announcements shall further contain the following information:

(1) Brief overview of the Homebuyer program;

(2) General list of eligible activities available;

(3) Amount of funds available;

(4) General eligibility requirements to qualify for financial assistance;

(5) Homebuyer selection process;

(6) Fair Housing logo and Equal Opportunity language;

(7) Opening date for acceptance of applications;

(c) Affirmative Marketing. To ensure that all persons are effectively and adequately informed about the CDBG-DR Homebuyer Program and the availability of funds, brochures or program information notices shall be provided and distributed or posted in the following locations and shall contain the information described in subsection (b). Brochures and/or program information notices shall be made available at the following public and private areas:

~~(1) U.S. Post Offices;~~
~~(2)~~(1) Major shopping centers;
~~(3)~~(2) Public health centers;
~~(4)~~(3) Places of worship;
~~(5)~~(4) Government office buildings;
~~(6)~~(5) The Nutrition Assistance Program (Food Stamp) office(s); and
~~(7)~~(6) U.S. Social Security Administration office(s).

Part 100 - Application

§ 100-100.3-101 Formal Application

Upon initial determination of eligibility after completion of the pre-qualification process, which involves household income and citizenship verification, applicants may obtain a Uniform Residential Grant Application form along with a checklist of required documents in order to complete the application submission. Those applicants who are initially determined eligible shall be notified to provide additional documents to further process their applications. Proper completion of the formal application and submission of supplemental information shall be in accordance with CDBG-DR Homebuyer Program and NMHC grant processing procedures. Grant which applications shall be completed and signed by applicant(s) requesting assistance and such signature(s) shall certify to the truth of all statements contained therein.

Title 18, Section I 00 I, et seq. of the United States Code, the general false statement statute, outlaws making materially false statements, intentional or negligent misrepresentations in matters within the jurisdiction of a federal agency or department, such as federal disaster relief funding. Civil or criminal penalties, including but not limited to fine, imprisonment or both, as well as repayment of any assistance provided, may be pursued. Under Section I00I, a statement is a crime if it is false, regardless of whether it is made under oath. Failure to disclose accurate and complete information may affect eligibility requirements. Some of the information submitted by applicants will be validated through third-party sources during the eligibility process.

The following is incorporated into all application and grant documents:

Warning: *Any person who knowingly makes a false claim or statement to HUD may be subject to civil or criminal penalties under 18 U.S.C. 287, 1001 and 31 U.S.C. 3729. Under penalties of perjury, I/we certify that the information presented above is true and accurate to the best of my/our knowledge and belief. I/We*

further understand that providing false representations herein constitutes an act of fraud. False, misleading or incomplete information may result in my ineligibility to participate in this program or any other programs that will accept this document. Title 18, Section 1001 of the U.S. Code states that a person is guilty of a FELONY if he/she knowingly and willfully makes a false statement to any department of the United States Government.

§ 100-100.3-105 Supplemental Information

(a) Completed applications shall be submitted together with the following supporting information which shall be used solely for the purpose of determining applicant eligibility for financial assistance:

(1) Prior year's income tax return and/or W-2 Tax Form;

(2) Recent check stubs for the past two months prior to applying for CDBG-DR program financial assistance of all household members that are 18 years old or older;

(3) Other forms of documentation of income (i.e., Social Security payments, SSI, retirement income, etc.), if any;

(4) Interested applicants must provide proof of ownership such as fee simple title to the property. Ownership may also include leases of 40 years or more provided that the applicant must have at least a minimum of thirty (30) years leasehold interest remaining on the property to be improved.

(5) If property has been identified, proof of land ownership or lease agreement for principal residence to be used as collateral for the grant. Non-indigenous residents cannot own land and must provide a lease agreement.

If no land ownership or lease agreement is available, lot number and lot description must be provided for parcel that the applicant is planning to purchase;

(6) Property map for principal residence;

(7) Preliminary Title Report (PTR) showing clear title to property; and

(8) Savings and checking account(s) information, if any~~; and~~.

(b) A checklist of the above-described supplemental information shall be provided with each formal application obtained. Additional information may be requested if deemed necessary by NMHC to ensure the eligibility of each applicant. NMHC must complete the Borrower's income eligibility within six (6) months before the homebuyer(s) acquires the property.

(c) To substantiate eligibility, supplemental information submitted with each grant application shall be verified in writing, from a reliable third party and such verification shall be considered valid for a period of one hundred eighty (180) calendar days from the date the verification was completed. Prior to verifying any applicant information, NMHC shall obtain written authorization from the applicants.

(d) If a written third-party verification is not used, notarized statements or signed affidavits by the applicants shall be an acceptable form of verification, but only in situations where a more acceptable form of verification cannot be obtained.

Part 200 - Eligibility

§ 100-100.3-201 Eligibility Requirements

(a) Must be a U.S. Citizen or ~~green card holder~~Permanent Resident.

(b) Must be a first-time homebuyer. A **first-time homebuyer** is an individual who has had no ownership in a principal residence during the 3-year period ending on the date of purchase of the property or new home construction completion. This includes a spouse (if meets the above test, they are considered **first-time homebuyers**).

(c) Must be a resident of the CNMI at the time of application or have been a resident of the CNMI at the time of the qualifying event.

(d) Household Income.

(1) Homebuyer(s) must qualify as a low-income household as defined in Section 3(b)(2) of the Housing Act of 1937. Income eligibility is determined based on annual income. Combined anticipated gross household income of adults 18 years old or older, must not exceed 80% of the median income for the area (adjusted for family size), as prescribed by HUD (see § 100-100.3201(a)(2)). However, household income of adults 18 years old or older exceeding 80% of the median income for the area but not greater than 120% will also be eligible for assistance.

To qualify for the First Time Homebuyer Program, applicants must meet prescribed income limits as published annually by HUD. Priority is given to applicants at 80% or less of median income based on household size. The program will also serve those households in the 81% to 120% range. The most current income limits can be found at:
https://www.huduser.gov/portal/datasets/il/il2022/2022summary.odn

(2) NMHC shall use HUD's Section 8 of Part 5 Technical Guidelines as the basis in calculating annual gross household income. NMHC will verify their income using at least two months of source documentation such as wage statements, interest

statements, and SSI documents to determine if program applicants are income eligible.

(3) CDBG-DR Homebuyer Program Underwriting Guidelines and Subsidy Layering is further outlined herein under Part 1200, § 100-100.3-1201.

(e) Determination of Ability to Maintain Housing. NMHC shall evaluate the gross monthly income of both applicant and co-applicant (homebuyers) combined, to determine the amount available for housing costs. This would include insurance, utilities, and typical maintenance costs. This will ensure that the new homeowner will be able to afford the home over the affordability period.

(f) Property Ownership. Interested applicants must provide proof of ownership such as fee simple title to the property. Ownership also includes leases of 40 years or more provided that the applicant must have at least a minimum of thirty (30) years leasehold interest remaining on the property to be improved. If the applicant does not yet own the property, a parcel description must be provided to facilitate the completion of the required tiered environmental review.

(g) Principal Residence and Annual Recertification.

(1) Homebuyers/Applicants approved to receive financial assistance must occupy the property as their principal/primary residence immediately upon completion of all CDBG-DR Homebuyer funded activities. An annual recertification for principal residency notice and form shall be sent to homebuyers/borrowers to complete, sign, and submit to NMHC in order to confirm and have on file that they are continually occupying the mortgaged property and housing. The following stipulations apply for a principal residence:

(i) A deed restriction or covenant running with the land shall incorporate this requirement;

(ii) The grant documents between the homeowner and NMHC shall also incorporate this requirement;

(iii) Temporary subleases are not allowed.

(2) Annual recertifications shall be required for all CDBG-DR homebuyer-assisted borrowers. This is conducted in order for homeowners to maintain compliance with the affordability restrictions.

(3) Annual recertifications through field visits may be conducted if the required completed form has not been provided, or if the account status is pending probate, or the account has been accelerated to the collection attorney for foreclosure

proceedings. The Grant Specialist shall verify the borrower(s) principal residence and, as necessary, to take photos and document the status of the residential unit.

(h) Grant Cancellation. NMHC reserves the right to cancel any grant if in its opinion the homebuyer(s)/applicant(s) have not substantially complied with all the terms and conditions of the grant agreement and restrictive covenant.

Part 300 - Affordability Restrictions

§ 100-100.3-301 Long Term Affordability

The Federal Register notice requires that new construction of housing (not impacted by the qualifying disaster) remain affordable for a specific period of time.~~,~~
NMHC will impose the following affordability periods:

	Minimum Length of the Affordability Period
~~Rehabilitation~~Homebuyer with Reconstruction/Rehabilitation/New Construction	–15 years
New Construction	15 years

(a) The affordability requirements are to be imposed by deed restrictions, covenants running with the land, or other mechanisms approved by HUD, except that the affordability restrictions may terminate upon transfer in lieu of foreclosure. NMHC may use its right of first refusal, as set forth in the grant documents, to purchase the housing before the transfer in lieu of foreclosure to preserve affordability.

(b) The affordability restrictions shall continue according to the original terms if, during the original affordability period, the owner of record before the termination event, or any entity that includes the former owner or those whom, the former owner has or had family or business ties, obtains an ownership interest in the project or property. If a home purchased with CDBG-DR assistance is sold during the affordability period, recapture provisions apply to ensure the continued provision of affordable homeownership. Grant payoffs do not end the affordability period.

§ 100-100.3-305 Right of First Refusal

During the affordability period, the homeowner(s) agrees not to sell or assign the residence hereby built or purchased to any persons or persons unless and until homeowner(s) proposes to sell same to NMHC, its successors or assigns, on terms consistent with preserving affordability and allows then sixty (60) days' time within which to purchase said residence.

§ 100-100.3-310 Resale

[Reserved]

§ 100-100.3-315 Recapture

(a) Recapture. NMHC will ensure that it recoups all or a portion of the CDBG-DR grant assistance provided to the homebuyer(s) if the housing unit ceases to be the principal residence of the homebuyer(s) for the duration of the period of affordability. All subsidy amounts (in the form of grants) that directly benefited the property owner (i.e., through grants, down payment and/or closing cost assistance,) are also subject to recapture. Recapture is capped at what is available out of net proceeds for agreements after January 2021. Net proceeds are defined as the sales price less superior non CDBG-DR debt (if any) fewer closing costs. NMHC will utilize the following recapture options:

(1) Recapture entire amount. NMHC may recapture the entire amount of the grant and/or subsidy from the homebuyer(s) if the sale of the property occurs within halfway into the given affordability period. For example, a homebuyer was approved for a $50,000 CDBG-DR grant to construct a home. The affordability period is therefore, ~~ten~~ fifteen (15) years. On the fourth year, the borrower sells the house for $60,000. Since the borrower failed to comply with the minimum five years of the ~~ten~~fifteen-year affordability period, the recaptured amount is $50,000.

(2) ~~Forgiveness~~Reduction During Affordability Period. NMHC may reduce the grant amount and/or subsidy to be recaptured on a pro rata basis for the period the homebuyer(s) has/have owned and occupied the housing unit measured against the required affordability period; however, homebuyer(s) must occupy the housing unit at a minimum of five years or at least halfway into the affordability period, whichever is greater, in order to qualify for this recapture option. For example, if the CDBG-DR subsidy is $60,000 with 15-year affordability and the owner sells the property in the 8th year of ownership the recapture amount will equal $~~12~~28,000. ($60,000/15 years affordability period x ~~2~~ 7 years remaining = $28,000 recapture.)

(3) Buyer's recovery of initial investment. The homebuyer(s) investment (down payment and capital improvements made by the owner since purchase) may be repaid in full before any CDBG-DR funds are recaptured, provided that the homebuyer(s) occupied the housing unit at a minimum of ~~ten~~ fifteen (15) years before the sale of the property and the homebuyer's household income level is at or below 50% of the area median income in order to qualify for this recapture option.

(4) Shared appreciation. In the case where net proceeds exceed the amount necessary to repay both the homebuyer(s)' investment and the CDBG-DR assistance, the excess proceeds may be shared proportionately (i.e., percentage of investment provided) by both parties.

(b) When the recapture requirement is triggered due to a voluntary or involuntary sale during the period of affordability and there are no net proceeds or the net proceeds are insufficient

to repay the ~~HOME~~ CDBG-DR investment due, NMHC may recapture an amount less than or equal to the net proceeds available.

(c) Circumstances Under Which Recapture Will Apply. Recapture restrictions must be used in cases where grants were provided to the homebuyer(s) in order to subsidize the purchase of the property to cover the down payment or closing costs.

(d) Legal Instrument to Enforce Recapture. NMHC must use deed restrictions, land covenants, or other similar legal documents to enforce these recapture restrictions. These requirements will also be included in grant agreements.

Part 400 - Homebuyer Costs

§ 100-100.3-401 Eligible Costs

(a) Hard costs include:
(1) Acquisition of land and existing structures;
(2) Site preparation or improvement, including demolition;
(3) Securing buildings; and
(4) Construction materials and labor.

(b) Soft costs include:
(1) Credit reports;
(2) Title binders and insurance;
(3) Recordation fees;
(4) Legal & accounting fees;
(5) Appraisals;
(6) Architectural/engineering fees, including specifications and job progress inspections;
(7) Environmental investigations, which shall be addressed in the commitment letter as a condition before any Homebuyer activity is to be committed or funded;
(8) Homebuyer counseling provided to purchasers of CDBG-DR-assisted housing;
(9) Management fees; and
(10) Direct project costs incurred by the PJ.

~~Relocation costs include:~~
~~Replacement housing, moving costs, and out-of-pocket expenses;~~
~~Advisory services; and~~
~~Staff and overhead related to relocation assistance and services.~~

(c) Grant closing fees and related costs:
NMHC shall charge $~~3,914.00~~9,950.00 (more or less, depending on current costs) to the applicant for certain grant closing fees and other related costs such as but not limited to the following:

~~a. $14.00~~	~~----~~	~~Credit Report~~
~~b.~~a.$~~200~~100.00	----	Preliminary Title Report (PTR)
~~c.~~b.$600.00	----	Appraisal Report
~~d.~~c.$~~150~~250.00	----	Recordation of Covenant
~~e.~~d.$~~1,050~~2,000.00	----	First Annual Premium for Hazard Insurance
~~f.~~e. $500~~0~~.00	----	Initial Utility Connection*
~~g.~~f. $~~1,400~~2,000.00	----	Title Policy

$~~3,914~~9,950.00 Total

*Provided that circumstances, such as the lack of CUC infrastructure (power and water)on-site, additional costs may be incurred subject to CUC's assessment for Line Extension Chargeable to the Customer and Water Application-Installation-Approval & Cost Assessment.

Grant closing fees and associated hard and soft costs ~~may be bundled into~~is part of the total approved grant amount. ~~A borrower who is approved for a $120,000 grant may use a portion of the grant to pay for the grant closing costs and soft costs. In this case, the $3,914.00 incurred closing costs shall be subtracted from the total approved grant of $120,000 and the resulting net amount of $116,086.00 shall then be used for the construction, purchase and/or rehabilitation of their principal residence.~~

CUC utility connection: Homebuyer(s) are responsible for ensuring that there are no outstanding issues with CUC and resolving any such issues. Any costs not related to initially connecting to CUC utilities are not granted closing fees and related costs and none of the approved grant amount will be used to resolve such issues.

(d) If the homebuyer(s) opt to have a private inspector perform unit inspection, the first/initial unit inspection fee may be covered by NMHC, subject to any conditions set by NMHC. Any cost associated with any subsequent inspection shall be the responsibility of the homebuyer client(s).

(e) NMHC hired construction managers will inspect the home to determine if work is still needed in order to comply with the Green Building and other required construction standards~~;~~.

Part 500 - Notification to Applicants

§ 100-100.3-501 Notification of Eligibility or Ineligibility

(a) Eligible Applicants. NMHC shall send written notifications to all applicants determined eligible for financial assistance. Such notification shall be mailed no later than five (5) working days after the determination and shall contain a listing of additional information to be submitted for completion of the grant file. Eligible applicant(s) shall be given thirty calendar days to submit the additional information requested. Applicant(s) that do not

submit all pending information before the thirty (30) calendar day deadline, shall have their applications file placed in the inactive files. Extensions may be granted.

(b) Ineligible Homebuyers/Applicants. All ineligible applicants shall be notified in writing of their ineligibility. Such notification shall be mailed no later than five working days after the determination of ineligibility and shall include a description/reason for such determination. Please see § 100-100.3-605 for Appeals Process.

Part 600 - Grant Processing

§ 100-100.3-601 Selection

(a) Financial assistance shall be based on available CDBG-DR Program funds and such assistance shall be awarded to eligible applicants on a first come, first-serve basis. The application will have the date and time stamped when received; however, to be considered received, the application must be completely filled-out and the applicant has submitted all additional information requested by NMHC to perform an eligibility review.

(b) Potential homebuyers displaced by the storms and can show (completed application form along with all necessary documents) their incomes do not exceed 80% of AMI will be prioritized. No less than 80% of the funding will be reserved for those applicants at or below 80% AMI.

(c) In the event that there are more applicants than available funds, NMHC shall establish and maintain an applicant waiting list. Applicants placed on the waiting list shall be assisted in the event that funds available are not entirely used up or committed by the homebuyers/applicants initially awarded financial assistance. Those applicants unable to be assisted with remaining funds shall be given first priority if and when additional funds are available.

(d) Applicants who were initially determined to be ineligible for the loan program will receive reconsideration for the grant program before the program is re-opened to the general public.

§ 100-100.3-605 Administration; Approval; Appeals Process

(a) Program Administration.

(1) The CDBG-DR Housing Administrator~~, with the assistance of NMHC's MCD Manager~~ shall be responsible for the CDBG-DR Homebuyer program implementation and management of related tasks. The CDBG-DR Housing Administrator shall supervise division staff in grant origination, underwriting and closings under the CDBG-DR Homebuyer program. ~~However, the~~The ~~duplication~~ Duplication of ~~benefits~~ Benefits (DOB) analysis ~~must~~ will also be conducted by the CDBG-DR ~~Compliance Manager~~Housing Administrator to determine net financial assistance to be provided to the homebuyer applicant.

(2) The CDBG-DR Housing Administrator ~~and MCD Manager~~ shall review each submitted application, ensure all supporting documentation is in place and make any necessary recommendations to the Corporate Director prior to the Corporate Director making the final decision on the grant application.

(b) Grant Review and Approval

(1) Under the direction of the CDBG-DR Housing Administrator, a CDBG-DR Grant Supervisor and/or a Grant Specialist shall review and verify all applicants' income, assets, liabilities, title reports, and any other requested reports and documentation. Upon completion of the review process, the Grant Specialist shall prepare a grant write-up containing his/her recommendations.

(2) ~~In the interim, after t~~The CDBG-DR Housing Administrator ~~review, the MCD Manager~~ shall review the grant write-up for concurrence before submitting the same to the Corporate Director for a final decision. Final approval or denial of any CDBG-DR grant or grant shall be made by the Corporate Director except as follows:

(i) If the Corporate Director is off-island or on extended leave at the time the grant or grant is submitted to him/her for a final decision, then the Deputy Corporate Director may make the final decision to approve or deny the CDBG-DR grant; or

(ii) If the Corporate Director and Deputy Corporate Director are both simultaneously off-island or on extended leave at the time the grant or grant is submitted for a final decision, then the Acting Corporate Director may make the final decision to approve or deny the CDBG-DR grant.

(3) For purpose of these policies, off-island or extended leave shall be defined as an absence or leave that extends for more than three working days after the grant or grant is submitted to the Corporate Director for his or her final decision.

(4) A written notice of the final decision shall be provided to the applicant.

(5) Once the applicant has been approved, as soon as a property or site has been identified, the Grant Specialist is notified so that the tiered environmental review can be completed.

(c) Grant/Denial Appeals Process.

(1) Applicants denied assistance under the CDBG-DR Homebuyer program may appeal the final decision to the NMHC ~~Board of Directors~~Corporate Director by submitting their appeal in writing ~~to the Corporate Director~~ within ten (10) working days of the written notice of the final decision. The Corporate Director will then review the appeal and render a decision within thirty (30) days from the date of receipt of the appeal letter. Applicants denied may further appeal the Corporate Director's decision to the NMHC Board for reconsideration.

(2) Any appeal submitted must indicate the basis for the appeal and include any supporting documents. Upon receipt of an appeal, the Corporate Director shall submit the same to the Board of Directors for review and action at the next scheduled Board meeting.

§ 100-100.3-610 Homebuyer/New Construction Counseling Session

(a) All applicants for grant assistance must attend a Homebuyer/New Construction Education and Counseling Session that will be provided by NMHC. NMHC employees providing housing counseling will be HUD certified housing counselors, and NMHC will have applied directly to HUD and received approval, or NMHC will have applied to a HUD-approved intermediary and received approval by the entity to be its affiliate. NMHC shall notify the applicant(s) of the date, time, and location of the session. The education and counseling session shall be scheduled after the grant has been preliminarily approved and may be conducted before or on the day that NMHC issues the commitment letter to the applicant(s). The counseling session shall include a discussion of the terms and conditions of the grant, educate the new homeowner(s) of their financial responsibilities, the importance of budgeting, making timely payments, foreclosure prevention, as well as home maintenance and repair measures. Acceptable delivery method for housing counseling may be in-person, phone, or internet. Duration of the housing counseling is ~~eight~~ four (~~8~~4) hours. Upon completion of the housing counseling, the borrower(s) will receive a counseling certificate and this counseling certificate is valid for 2 years. Funding for housing counseling will come from project-related soft costs.

(b) NMHC shall inform applicant(s) at the time of their submission of their application of the required homebuyer/new construction counseling session and again in written form when NMHC notifies the applicant(s) of NMHC's preliminary approval of their grant request. Failure to attend the required Homebuyer/New Construction Education and Counseling Session may be grounds for denial or cancellation of assistance.

Part 700 - Terms and Conditions of Grant

§ 100-100.3-701 Maximum Homebuyer Programs Grant Amount

(a) The amount of CDBG-DR Homebuyer grant funds that may be used for a new construction, purchase, or for an acquisition and repair shall be based on the funding required, not to exceed the program cap.

(b) For NMHC-owned properties, NMHC may sell the property directly to the CDBG-DR Homebuyer-approved applicant(s) but only after the property has been publicly auctioned at least once and resulted in an unsuccessful bid.

§ 100-100.3-705 Minimum and Maximum CDBG-DR Homebuyer Program Grant Amount

(a) The minimum grant amount shall not be less than $1,000.00.

(b) The maximum grant amount shall not exceed the prevailing funding cap set by NMHC based on local prevailing costs for construction (New Construction housing projects) and appraised value determined by certified independent appraisal companies.
  (i) New construction project costs presented by contractors may exceed maximum grant and NMHC may approve such costs provided that are deemed justified and cost reasonable and supported by independent cost estimates.
  (ii) NMHC, through the assistance of a private A&E Firm, may update independent cost estimates periodically and as may be needed or required.

The maximum grant amount shall not exceed $250,000.00.
Provided that circumstances, where additional costs may be incurred, will be reviewed against cost reasonableness guidelines and to meet reasonable accommodations and accessibility requirements.

§ 100-100.3-710 Determination of Unit Size and Occupancy Standards

(a) **Fair Housing**. The Fair Housing Act ("Act") (42 U.S.C. §§ 3601-19) prohibits discrimination in the sale, rental, and financing of dwellings, and in other housing-related transactions, based on race, color, national origin, religion, sex (including gender identity and sexual orientation), familial status, and disability. Discrimination includes a failure to make a change, exception, or adjustment to a policy, practice, procedure, or service when such accommodation may be necessary for an individual with a disability to enjoy and use housing. In addition to the requirements under the Act, there may be additional requirements for recipients of federal assistance from HUD.
(b) **Housing Unit Suitability**. Homes acquired, purchased, or newly constructed with CDBG-DR funds under this program, at a minimum, shall be decent, safe, and sanitary.
(c) **Determination of Unit Size**. Limited funding notwithstanding, NMHC shall ensure that the following occupancy standards are observed.
  (1) **Occupancy Standards**. Occupancy standards are rules about the number of people that can live in a bedroom or at a property. These standards are usually based on the number of bedrooms at a property, but they can also take into account the total amount of livable square footage. Oftentimes, a combination of both makes the final call about how many people can live there. HUD occupancy standards are the rules set up by the Department of Housing and Development. These federal occupancy standards are part of the Fair Housing Act Amendment, and they are the overarching rules for occupancy.
  (2) **Unit Bedroom Size**. NMHC has set the following Occupancy Standards for family and unit size:
    (i) All bedrooms with one person should have at least 70 square feet.
    (ii) Shared bedrooms must have at least 50 square feet per person.
    (iii) Kitchens and other non-habitable rooms cannot be used as a bedroom.
    (iv) Every unit should have an overall occupant limitation based on its overall size:
      (i) 1-2 occupants: must have at least 120 square feet living room.
      (ii) 3-5 occupants: must have at least 120 square feet living room and 80 square feet dining room.

(iii) 6 or more occupants: must have at least 150 square feet living room and 100 square feet dining room.

No. of Family Members	No. of Bedrooms
1-2	2
3-4	2
5-6	3
7-8	4
9 and above	5

(v) Exceptions. In certain unique conditions and situations, NMHC, on a case-by-case basis, may grant exceptions when warranted and after thorough review of grant applications.

§ 100-100.3-735 After-Construction Property Value, After-Rehabilitation Property Value, or Property Value at Initial Purchase (if Acquisition Only).

§ 100-100.3-740 Security, Restrictive Covenant, Homeowner Requirements

(a) To ensure affordability for CDBG-DR funds invested, NMHC shall place a restrictive covenant on the property. The restrictive covenant shall be maintained for no less than the term of the affordability period.

(b) NMHC will execute a written agreement with the homebuyer that will specify the use of CDBG-DR funds, description of the project, roles and responsibilities, compliance with affordability period requirements, qualifications for affordable homeowner housing, monitoring, the purchase price, date by which housing must be acquired, address or legal description of the property, and duration of the agreement. Additionally, the purchase price, date by which housing must be acquired, address or legal description of the property must be indicated in the applicable written agreement.

(c) During the term of the grant, homebuyer shall also be required to maintain, at their expense, property insurance on the mortgaged property for fire, earthquake, typhoon, and flood damage (if applicable) covering the replacement value of all properties at a minimum equal to the grant amount. Financial hardships will be reviewed on a case-by-case basis.

(d) NMHC will require the homebuyer to execute and file for record a deed or deeds of restriction, land covenant or similar legal documents approved by HUD that will assure compliance with the principal residency and affordability period requirements and enforce CDBG-DR restrictions.

Part 800 – Fraud, Waste and Abuse

§ 100-100.3-801 Eligibility Certification

Homeowner certifies that he/she has provided complete, accurate, and current information regarding household income, residency, occupancy, and any other documentation required to demonstrate Homeowner's eligibility to receive CDBG Disaster Recovery funds.

Any activity carried out with CDBG-DR funds involving the construction, acquisition, or acquisition w/renovation is considered to benefit LMI or UN persons only to the extent such housing will, upon completion, be occupied by such persons.

The Homeowner hereby affirmatively certifies that their material representations which have been relied upon by NMHC as essential to its determination of the eligibility of the Homeowners to receive the grant funds have been truthfully, satisfactorily and adequately provided to NMHC.

The Homeowner agrees and attests to the fact that if any of the representations made are intentionally or willfully false or fraudulent, NMHC may immediately declare the Homeowner in default of this Grant Agreement, allowing for remedies as provided for under this grant agreement and the law.

§ 100-100.3-805 Default

Any one or more of the following events shall constitute an event of default under this grant agreement:

a. Failure to perform any covenant or promise under this Grant Agreement, or making any representation or warranty in this Grant Agreement, or in the application for the grant, or in any report, certificate, financial statement or other instrument furnished in connection with the property, which is false or misleading in any material respect.
b. Seizure or foreclosure of the property or assets of the Homeowner pursuant to process of law or be respect of legal self-help, unless said seizure or foreclosure is stayed or bonded within thirty (30) days after the occurrent of same; or
c. If any other event of default has occurred and remains uncured under any other agreement entered into between NMHC and the Homeowner.

§ 100-100.3-810 Remedies Upon Default

Upon the existence of any event of default, NMHC, after giving notice and reasonable opportunity to cure the default may, in its sole discretion, do any of the following, alone or in combination:

a. Terminate this Grant Agreement;
b. Withhold grant funds not yet paid at the time of default during such time as an event or events of default remain uncured;
c. File an action at law against the Homeowner to obtain a judgment against the Homeowner to recover the full amount of all grant funds paid; or
d. Pursue any other remedies against the Homeowner including any civil and criminal remedies allowed by law.

NMHC'S rights under Default shall survive termination of the Grant Agreement. Failure to insist on the prompt performance by Homeowner of Homeowner obligations pursuant to this Grant Agreement is not a waiver by the NMHC of any of its rights hereunder.

Part 900 - Miscellaneous Circumstances Affecting Grant Agreement

§ 100-100.3-901 Assumption of a Grant

(1) Death of a homebuyer/borrower: Upon the death of the borrower which occurs within the affordability period, the entire unpaid balance of the grant shall be immediately due and payable. Title transfer without sale triggers the CDBG-DR recapture agreement enforceable through the restrictive deed or land covenant. The Corporate Director may allow assumption of the grant by the heirs of the borrower if a final decree in the probate of the borrower identifies the heirs and approves distribution to them of the improved property and the grant, and if the heirs themselves would qualify as a new applicant for the grant.

(2) At the sole discretion of the NMHC Board, the grant may be assumed by a legal heir of a deceased borrower(s) of the CDBG-DR-assisted unit. This assumption exception is permitted where transfer of title is through the laws of descent provided that the heir is of legal age, meets all CDBG-DR Program eligibility requirements and has a full, undivided interest in the real property. The heir will be required to fill out an application and will be subject to credit, income, and asset verification.

(3) Default for Violation of Grant Agreement and/or Restrictive Covenant. In situations where a default is imminent, the Corporate Director may allow a borrower to have a CDBG-DR eligible immediate relative (i.e., mother, father, brother, sister, son, daughter) assume the grant, all for the purpose of preserving the affordability period.

(a) Default. NMHC may use its right of first refusal, as set forth in the grant documents, written agreement with homebuyer, and restrictive deed or land covenant, to reclaim the housing to preserve affordability. Default triggers the CDBG-DR recapture agreement enforceable through the restrictive deed or land covenant.

(b) Recapture in the Event of Default. If the CDBG-DR assisted property is subject to recapture terms, NMHC has three options:

(i) Recapture Option 1: NMHC will recapture and pay to the CNMI ~~CDBGCR~~ CDBG-DR account the net proceeds from the foreclosure sale of the property in accordance with the recapture terms; or

(ii) Recapture Option 2: NMHC may purchase the CDBG-DR assisted property at foreclosure sale and additional CDBG-DR funds may be spent. However, the total amount of the original and additional CDBG-DR funds spent may not exceed the maximum per unit subsidy amount.

(iii) Recapture Option 3: NMHC will allow the homeowner in default to repay the entire amount of the CDBG-DR investment and own the property free and clear. In this event, the affordability period will be

terminated.~~,~~

Part 1000 – Ethics

§ 100-100.3-1001 Conflict of Interest

(a) Under no circumstances shall any immediate family members (whether by blood, marriage or adoption) the spouse, parent (including a stepparent), child (including a stepchild); brother, sister (including a stepbrother or stepsister), grandparent, grandchild, and in-laws of a covered person, elected or appointed officials of the CNMI government, NMHC's Board of Directors, its officers, agents, and employees may participate in any CDBG-DR assisted projects or units including the procurement of materials, or have an interest in any contracted services, or be a beneficiary in any proceeds. Other provisions in 24 C.F.R. § 92.356 shall apply. Conflict of interest applies to covered persons who exercise or have exercised any functions or responsibilities with respect to activities assisted with CDBG-DR funds or who are in a position to participate in a decision-making process or gain inside information with regard to these activities. Covered persons may not obtain a financial interest or financial benefit from a CDBG-DR activity, or have a financial interest in any contract, subcontract, or agreement with respect to the CDBG-DR assisted activity, or the proceeds from such activity, either for themselves or those with whom they have business or immediate family ties, during their tenure or for one year thereafter.

(b) Exceptions: Threshold requirements. Upon the written request of the participating jurisdiction, HUD may grant an exception to the provisions above on a case-by-case basis when it determines that the exception will serve to further the purposes of the CDBG-DR Program and the effective and efficient administration of the participating jurisdiction's program or project. An exception may be considered only after the participating jurisdiction has provided the following:
    (1) A disclosure of the nature of the conflict, accompanied by an assurance that there has been public disclosure of the conflict and a description of how the public disclosure was made; and
    (2) An opinion of the participating jurisdiction's or state recipient's attorney that the interest for which the exception is sought would not violate state or local law.

(c) Factors to be considered for exceptions. In determining whether to grant a requested exception after the participating jurisdiction has satisfactorily met the requirements mentioned above, HUD will consider the cumulative effects of the following factors, where applicable:
    (1) Whether the exception would provide a significant cost benefit or an essential degree of expertise to the program or project which would otherwise not be available;
    (2) Whether the person affected is a member of a group or class of low-income persons intended to be the beneficiaries of the assisted activity, and the exception will permit such person to receive generally the same interests or benefits as are being made available or provided to the group or class;

(3) Whether the affected person has withdrawn from his or her functions or responsibilities, or the decision-making process with respect to the specific assisted activity in question;
(4) Whether the interest or benefit was present before the affected person was in a position as described in paragraph (c) of this section;
(5) Whether undue hardship will result either to the participating jurisdiction or the person affected when weighed against the public interest served by avoiding the prohibited conflict; and
(6) Any other relevant considerations.

Part 1100 - Performing New Construction Work

§ 100-100.3-1101 Performing New Construction Work

(a) NMHC Independent Cost Estimate: NMHC or its procured construction manager will establish an estimated cost for construction and/or rehabilitation of the property to be acquired. This cost estimate will be used to validate that the winning bid is acceptable as being "eligible, necessary, and reasonable."

(b) Contractor Cost Estimates: The homebuyer(s)/applicant(s) shall be responsible in obtaining a minimum of three (3) written construction cost estimates from at least three (3) NMHC approved contractors, and each cost estimate submitted must include, at a minimum, the following information: bid price, cost breakdown of materials and labor charges, and schedule for completion of work.

(c) Selection of Contractor/Contract Award: The homebuyer(s) shall have the right to select whichever contractor to perform the construction work, provided that NMHC has assessed the sources and uses of funds and determined that the costs are reasonable, provided that the contractor's quotation and the appraiser's after-construction estimated value does not exceed the approved grant amount and provided that the contractor is an NMHC-approved contractor. Should it exceed the grant amount, the homeowner shall choose to either deposit the difference or negotiate with contractor in reducing the contract amount. Should the borrower not be able to deposit the difference or the contractor unwilling to lower the contract amount, then the borrower shall select his/her/their next choice. The homebuyer(s) shall submit a contractor selection notice notifying NMHC of his/her/their selection. NMHC may, at its own discretion, select the appropriate contractor for the applicant if the homebuyer project is deeply subsidized using additional CDBG-DR funds. Deeply subsidized means additional funding assistance on top of the underwritten funding assistance.

(d) Construction Contract: The construction contract is a binding agreement strictly between the homebuyer(s) and the contractor whereby the contractor will provide the construction or repair work for a specified and agreed upon price. As NMHC's role is to finance the construction of the project, it is not a party to the construction contract. However, at any time the contractual provisions are not followed, NMHC shall have the right to withhold any progress payment until the contractor has complied with such provisions. The

construction contract shall include, but is not limited to, the following provisions:

(1) Contractor's name and mailing address;

(2) Homeowner(s) name and mailing address;

(3) Date of the contract, the contract amount, and payment schedule for each incremental billing;

(4) Calendar days to complete the work (includes Saturdays, Sundays, and holidays);

(5) Contractor will provide the performance bond, and labor and material payment bond up to the contract amount, as well as a builder's risk policy for the project;

(6) The contractor will provide all the construction plans and permits necessary to comply with applicable local and federal laws;

(7) Issuance of the notice to proceed or the commencement of the project;

(8) Contractor will provide a one-year warranty on all work completed;

(9) NMHC's right to inspect the progress of the project and right to withhold progress payments;

(10) Change order procedures, if any; and

(11) A provision for liquidated damages must be included in the construction contract which shall be negotiated between the homebuyer(s) and the contractor.

(12) Description of the work to be performed so that inspections can be conducted and, for rehabilitation, so that housing will meet NMHC's rehabilitation standards.

(e) Contractor Notification and Pre-Construction Requirements: Once NMHC is in receipt of the borrower(s)/homebuyer(s) contractor selection notice, NMHC shall notify the contractor of the homebuyer(s) selection of their company. NMHC shall inform the contractor of the scheduled pre-construction conference and shall likewise inform the contractor of the required construction documents for submission as listed below:

(1) Building permit (if applicable)
(2) Earthmoving and erosion control permit (if applicable)
(3) Construction contract
(4) Performance and payment bonds
(5) Plans and specification approved by DPW
(6) Private inspector's contract (if applicable)

(7) Notice that an environmental review and clearance has been conducted, and Authorization to Use Grant Funds has been received.

(8) Verification that any mitigation measures identified in the course of the environmental review have been incorporated into the plans and specification approved by DPW.

(e) Project Duration: Construction must start within 12 months of NMHC's execution of the CDBG-DR written agreement with the homebuyer(s).

(1) Progress payment requests shall be submitted to NMHC by the contractor incrementally as specified in the payment schedule. NMHC shall ensure that all work description indicated on the payment schedule is completed prior to releasing contractor's payment. An original and a copy of the requests must be submitted to NMHC. The contractor shall freely use his/her/their company's billing form when submitting a payment request. The payment request shall be accompanied with the following whenever applicable: inspection reports (DPW and/or private inspector), geotesting results, termite treatment certification and/or warranty, builder's warranty, and borrower/homebuyer's acceptance of the project. In addition, each billing submitted must include pictures of the progress of the project and a copy of the payment schedule.

(2) Payment schedule shall be as follows:

(i) Payment request number 1 shall not be more than 10% of the contract amount. This shall include the installation of the project sign board accompanied with a picture, the delivery of materials to the construction site, and commencement of the project.

(ii) Payment request number 2 shall not be more than 25% of the contract amount.

(iii) Payment request number 3 shall not be more than 25% of the contract amount.

(iv) Payment request number 4 shall not be more than 25% of the contract amount.

(v) Payment request number 5 shall be the 15% retainage request when all work is completed. The final payment request shall be accompanied with the certificate of occupancy from the Commonwealth Building Safety Office, builder's warranty, window warranty if subcontracted, termite treatment warranty, final inspection report from the DPW and if applicable, the private inspector's, certificate of acceptance from the homeowners, geotesting results if applicable, proof of Green Standards implementation, pictures of project interior and exterior, and DEQ certificate of use (sewage disposal system), if applicable and house keys with duplicates.

(3) Change Order Procedures. From time to time, the homebuyer(s) may request for changes in the plans and specifications. In the event that this should occur, the following steps must be taken to address such request:

(i) The borrower/homebuyer must notify contractor in written form of the proposed changes and provide NMHC a copy of the notification.

(ii) Upon receipt of the notification, the contractor must cease work at the project site and obtain NMHC's approval of the change order request. Upon approval the contractor shall then provide NMHC a revised plan and specifications, including a revised payment schedule (if scheduled payments will be altered by the proposed changes). The contractor must obtain NMHC's approval of the change order request.

(iii) Once the change order request is approved, the homeowner will be required to deposit the additional money needed to NMHC (if applicable) to carry out the change order. The contractor will be required to submit the revised plans and specifications to DPW for approval.

(iv) Should the change order request be denied, then the contractor shall resume work to ensure timely completion of the project. The contractor may not be able to complete the project on time because of the delays the change order request may have caused. Therefore, the homebuyer(s) shall give the contractor additional days equal to the time the work was ceased up until the time the change order request was denied to complete the project. The homebuyer shall not charge the contractor for liquidated damages during this period.

(4) Once the contractor has obtained the DPW's approval of the plans and specifications, then it shall provide NMHC with the same copy. The contractor shall proceed in carrying out the change order and completing the project.

(f) Inspections: NMHC shall have the right, during the construction or improvement of the building, to inspect the same and to reject and to require to be replaced, any material or workmanship that does not comply with the plans and specifications, without any liability on the part of NMHC, as to workmanship or materials therein. Such inspection is solely for financing purposes and for the disbursement of funds, and any inspection or approval of any construction phase or increments of said dwelling shall not be deemed as a warranty by NMHC of the workmanship and material therein.

(g) Inspector: Upon completion, the building is subject to inspection by the Building Safety Office of the Department of Public Works (DPW) prior to the issuance of an occupancy permit or other permits as provided in the Building Safety Code codified in 3 CMC § 7101 et seq. Applicant(s) may have a private inspector, (i.e., a qualified licensed engineer or a qualified licensed architect), conduct inspection with the costs with such inspection to be handled in accordance with § 100-100.2-240.

(h) Minimum Property Standards (MPS): For new construction of housing and acquisition rehabilitation of housing, the 2018 International Building Code enacted by law and any updates approved by regulation by the Department of Public Works Building Safety Office and zoning laws (if applicable for Tinian and Rota), International Energy Conservation Code, NMHC written design standards for single family housing new/rehabilitation, and accessibility requirements (where applicable) must be adhered to.

(1) Further adherence to CDBG-DR acquisition and repair standards, which details the methods, materials, and other requirements that the housing must meet upon completion, including each of the following:

(i) Health and Safety [24 CFR 92.251(b)(1)(i)]
(ii) Major systems that were rehabilitated or replaced as part of the rehabilitation [24 CFR 92.251(b)(1)(ii)]
(iii) Lead-based paint [24 CFR 92.251(b)(1)(iii)]
(iv) Disaster mitigation, if applicable [24 CFR 92.251(b)(1)(vi)]
(v) State and local codes, ordinances and zoning requirements [24 CFR 92.251(b)(1)(vii)]
(vi) Minimum deficiencies that must be corrected based on inspectable items and areas in HUD's Uniform Physical Condition Standards [24 CFR 92.251(b)(1)(viii)]
(vii) HUD Green Building Standards or Green Building Retrofit Checklist, as required by Federal Register Notice.

(i) Homebuyer(s), through their contractors, must ensure that they are familiar with these requirements. PJs using MPS may rely on inspections performed by a qualified person. If using CDBG-DR funds solely for acquisition, the property must also meet the minimum property standards mentioned above or HUD's Uniform Physical Condition Standards (UPCS). The contractor will provide all the construction plans and permits necessary to comply with applicable local and federal laws.

(j) Project Completion:

(1) Project shall be completed prior to the termination of the CDBG-DR Grant Agreement with HUD.

(2) Project completion information shall be entered in the Disaster Recovery Grant Reporting (DRGR) System within 120 days of the final project draw.

(k) Record Retention:

(1) NMHC shall retain CDBG-DR homebuyer project records for five (5) years after project completion. [24 CFR 92.508(c)(2)]

(2) NMHC shall retain documents imposing recapture provisions for five (5) years after the period of affordability terminates. [24 CFR 92.508(c)(2)]

(3) NMHC shall retain CDBG-DR homebuyer project written agreement records for five (5) years after the agreement terminates. [24 CFR 92.508(c)(4)]

Part 1200 - Homebuyer Underwriting

§ 100-100.3-1201 Guidelines and Referenced Sections

In order to determine the specific amount of CDBG-DR assistance needed to ensure that the unit is affordable and sustainable over the long-term, NMHC's CDBG-DR Homebuyer Program design reflects and incorporates underwriting standards that the HOME regulations at § 92.254(f) has set forth; and further examines the following for each homebuyer:

(a) Program Eligibility and income;
(b) Monthly expenses;
(c) Assets or cash reserve, as applicable; and
(d) Appropriateness of the amount of assistance

In addition to the underwriting provisions of these regulations, the following applies to Homebuyer activities:

(a) Determining income eligibility.

(1) The NMHC CDBG-DR Homebuyer Program methodology for determining income-eligibility, income as a component of underwriting, income verification and required source documentations, treatment and the calculation of assets are derived from the HUD *Part 5 Technical Guidelines* as herein stated

(i) To receive CDBG-DR assistance, households must have incomes at or below 80 percent of the area median household income, adjusted for household size, and determined annually by HUD. Households with incomes at or below 120 percent of the area median household income, adjusted for household size, are also eligible for assistance.

(ii) CDBG-DR Homebuyer Program regulations require that income of all family members be included in the determination of income for the purpose of eligibility. The HOME regulations at 24 CFR 92.203 (d) require that a PJ must project a household's income for the next 12 months. Chapter Two of the Part 5 Technical Guide reviews this in detail. The NMHC CDBG-DR Homebuyer Program shall also use the same methodology of projecting income for the purpose of underwriting.

(iii) The Part 5 definition of annual income provides specific guidance pertaining to whose income in a household must be included in that calculation. Chapter Three reviews this in detail.

(iv) Gross amount. NMHC uses the monthly gross amounts, before any deductions have been taken, for those types of income counted. Adjusted income is not required for CDBG-DR-funded homebuyer or for owner-occupied rehabilitation as per the Part 5 Technical Guide.

(v) The CDBG-DR Homebuyer program requires that the grantee determine income eligibility of CDBG-DR applicants by examining source documents, such as wage statements or interest statements, as evidence of annual income. NMHC requires additional supporting information to confirm eligibility and for purposes of underwriting. This is specified in §100-100.3-105, Supplemental Information. Review of documents and third-party verification is further reviewed in detail in Chapter Two of the Part 5 Technical Guide.

(vi) What to include as an Asset. There is no asset limitation for participation in the CDBG-DR Homebuyer Program. Eligible families are not required to "spend down" assets before they can participate in the Program. Income from assets is, however, recognized as part of annual income under the Part 5 definition.

(vii) In general terms, an asset is a cash or non-cash item that can be converted to cash. Income that is earned, such as interest on a savings or checking account, is counted or factored into annual income. Chapter Three of the Part 5 Technical Guide explains in detail the treatment of assets and considers what is to be included as an asset, as well as explaining actual income from assets.

(vii) Recurring monthly expenses, or those that are considered fixed monthly living expenses such as utilities and transportation costs are the type of expenses should be considered in the underwriting process and must be carefully budgeted and monitored by the homebuyer. The housing counseling shall address these types of essential expenses so that it does not decrease residual income and affect the homebuyer's ability to sustain the property.

(b) The affordability restrictions that will be imposed on the property, a grant will only be extended to applicant(s) who will make their assisted unit their primary residence (see § 100-100.3-201(d)).

§ 100-100.3-1205 Subsidy Layering

(a) NMHC may provide eligible homebuyers with additional locally funded assistance to cover additional housing cost that is deemed to have exceeded the maximum CDBG-DR assistance limit.

(b) Homebuyer(s) that are approved for any additional, or supplemental assistance whether it be a CDBG-DR grant or with NMHC's local funds, shall be required to choose from NMHC's house design and layouts. Such house layout and unit size is dependent on the household size, the original approved CDBG-DR assistance, as well as the total estimated costs to construct a new principal residence.

§ 100-100.3-1210 Acronyms Reference Section

[For Homebuyer Policies and Procedures]

(a) AIA—American Institute of Architects

(b) AMI—Area Median Income

(c) CD—Corporate Director

(d) CFR—Code of Federal Regulations

(e) CNMI—Commonwealth of the Northern Mariana Islands

(f) CPSC—Consumer Product Safety Commission

(g) DCD—Deputy Corporate Director

(h) DEQ—Department of Environmental Quality

(i) DPW—Department of Public Works

~~(j) DTI—Debt-to-Income Ratio~~

~~(k)~~(j) EA—Environmental Assessment

~~(l)~~(k) GFE—Good Faith Estimate

~~(m)~~(l) HOME Program—U.S. HUD Homeownership Investment Partnerships Program

~~(n)~~(m) HQS—Housing Quality Standards

~~(o) MCD—Mortgage Credit Division~~

~~(p) MPS—Minimum Property Standards~~

~~(q) MPV—Maximum Property Value~~

~~(r)~~(n) NAHA—National Affordable Housing Act

~~(s)~~(o) NEPA—National Environmental Policy Act

~~(t)~~(p) NMHC—Northern Marianas Housing Corporation

~~(u)~~(q) NTP—Notice to Proceed

~~(v)~~(r) PITI—Principal, Interest, Taxes, and Insurance

~~(w)~~(s) PJ—Participating Jurisdiction

~~(x)~~(t) PTI—Payment-to-Income Ratio

~~(y)~~(u) PTR—Preliminary Title Report

~~(z)~~(v) RER—Rehab Environmental Review

~~(aa)~~(w) RESPA—Real Estate Settlement Procedures Act

~~(bb)~~(x) SCRA—Service members Civil Relief Act

~~(cc)~~(y) SSI—Supplemental Security Income [Social Security]

~~(dd)~~(z) TCD—Time Certificates of Deposits

~~(ee)~~(aa) TILA—Truth in Lending Act

~~(ff)~~(bb) U.S. HUD—United States Department of Housing and Urban Development

~~(gg)~~(cc) USDA RD—United States Department of Agriculture Rural Development

~~(hh)~~(dd) USPAP—Uniform Standard of Professional Appraisal Practice

~~(ii)~~(ee) VOE—Verification of Employment

APPENDIX A.1: Crosscutting Requirements

1.1 Crosscutting Requirements

1.2 Fair Housing

The Fair Housing Act requires all grantees, subrecipients, and/or developers funded in whole or in part with HUD financial assistance to certify that no person was excluded from participation in, denied the benefit of, or subjected to discrimination in any housing program or activity because of their age, race, color, creed, religion, familial status, national origin, sexual orientation, military status, sex, disability or marital status. The Program complies with and enforces the Civil Rights requirements of Title I of the Housing and Community Development Act (HCDA) and the Fair Housing Law.

Projects must also assess how planning decisions may affect members of protected classes, racially and ethnically concentrated areas, as well as concentrated areas of poverty; will promote the availability of affordable housing in low-poverty, non-minority areas where appropriate; and will respond to natural hazard-related impacts. Program staff will use demographic, geographic, and social vulnerability analyses to determine any positive or negative impacts to protected classes. Should a project present negative impacts, project scope or design will be reassessed to mitigate such impacts.

1.3 Environmental Review

Early environmental coordination must be completed to ensure effective implementation of all _CDBG-DR Programs. CDBG-DR funding is contingent upon compliance with both local and federal environmental regulations. This includes compliance with NEPA and related environmental and historic preservation legislation and executive orders. In general, NMHC serves as the lead agency for the purposes of NEPA.

HUD's Environmental Review process allows grantees to serve as the "Responsible Entity" to assume environmental review responsibilities under NEPA. As the grantee, NMHC serves as the Responsible Entity (through authorization from the Governor) as it relates to environmental review responsibilities under NEPA. Within NMHC, Environmental Review Staff will be responsible for performing environmental reviews and compiling the Environmental Review Records (ERR). Reviews are conducted either directly or using qualified environmental service contractors. NMHC's Corporate Director, as the Certifying Officer, is responsible with certifying that NMHC's environmental reviews follow NEPA and HUD environmental regulations.

Federal Register Notice FR-6182-N-01 authorizes recipients of CDBG-DR funds under the _Appropriations Act to adopt any environmental review, approval, or permit performed by a Federal agency for the same project to satisfy responsibilities with respect to environmental review, approval, or permit. NMHC will notify HUD in writing of its decision to adopt another _agency's environmental review. NMHC will also retain a copy of the review in its environmental records. Further information concerning the environmental review process is set forth in the

Environmental Policies and Procedures. Further information concerning the specific HUD requirements for the adoption of other Federal agency environmental reviews can be found in the HUD Memorandum dated March 4, 2013, *Adoption of FEMA and Other Federal Environmental Reviews Processing for Hurricane Sandy Supplemental Appropriation (H.R. 152) Activities.* Additional information on the environmental review process in general is set forth in Section § 100-100.4-335, Environmental Review Procedures for Entities Assuming HUD Environmental Responsibilities (24 C.F.R. Part 58).

1.4 Labor Standards

The Davis-Bacon and Related Acts (DBRA) applies to all federally funded or assisted construction contracts in excess of $2,000. This may apply to projects that are fully or partially funded with CDBG-DR, including FEMA or FHWA match programs. In matched projects, only the scope of the CDBG-DR portion of the project are subject to crosscutting requirements DBRA requires all workers employed by contractors or subcontractors on CDBG-DR programs, be paid wages at rates not less than those prevailing on similar construction in the locality as determined by the Secretary of Labor in accordance with DBRA, as amended. DBRA also requires that workers on federally-assisted projects are paid not less than weekly.

Wage information for labor under CDBG-DR programs will be tracked in detail by both NMHC and relevant Implementing Partners and subrecipients throughout the life of the Program. Compliance for this requirement may be tracked in the following ways:

(1) Additional NMHC Program staff hired to track wages and verify contractor and agency compliance
(2) External contractor hired by NMHC to track DBRA compliance
(3) Enhanced TA provided to Implementing Partners to track DBRA compliance

Davis Bacon applies to the rehabilitation of residential property only if the property contains eight (8) or more units under common ownership, on same or contiguous lots, or with common financing, Residential property that contains seven (7) or fewer units is exempt. Although the statute refers to the rehabilitation of residential property, this exemption has been interpreted to include the new construction of residential property containing seven (7) or fewer units. Typically, single-family homeowner properties are excluded under this exemption.

For prime contracts in excess of $100,000, contractors and subcontractors must also, under the provisions of the Contract Work Hours and Safety Standards Act, as amended, pay laborers and mechanics, including guards and watchmen, at least one and one-half times their regular pay for all hours worked over 40 in a work week. Additionally, NMHC must follow the reporting requirements per HUD and U.S. Department of Labor (DOL) regulations. This requirement also extends to NMHC subrecipients, Implementing Partners, and contractors.

The Fair Labor Standards Act of 1938 (FLSA), as amended, establishes the basic minimum wage levels for all work and requires the payment of overtime at the rate of at least one and one-half times the basic hourly rate of pay for hours worked in excess of 40 per week. These labor standards are applicable to the entire construction contract whether or not CDBG-DR funds finance only a portion of the project.

1.5 Limited English Proficiency

Federal Executive Order 13166 requires NMHC and all satellite offices, programs, subrecipients, contractors, subcontractors, and/or developers funded whole or in part with CDBG-DR financial assistance to ensure fair and meaningful access to programs and services for families and individuals with Limited English Proficiency (LEP) and/or deaf/hard of hearing. Compliance with this requirement is detailed in NMHC's Language Action Plan (LAP) and will be coordinated and tracked by the Monitoring and Compliance division at VIHFA. Depending on the program, NMHC, Implementing Partners, sub-recipients, and subcontractors will share the following expectations to comply with this Executive Order:

(1) Document Translation: All documents defined as "vital documents" will be translated into Chamorro or Carolinian by NMHC, Implementing Partners, and sub-recipients. A "vital document" is defined as a document that includes information regarding eligibility requirements, applications and instructions, program eligibility determinations, and appeals procedures. NMHC may aid to ensure this requirement is met.

(2) Where required, seek feedback from the community the project serves (advocacy groups serve vital role).

Language maps provided in the Language Action Plan will be used to determine the project's location and subsequent language context and if proactive LEP outreach will be required. These maps will be included as part of the Project Assessment Form used by NMHC to review the eligibility, priority level, and impacts of a potential project.

1.6 Minority and/or Women-Owned Business Enterprises

The Federal Executive Order 12432 guidelines require selected federal agencies to promote and increase the utilization of Minority-Owned and Women-Owned Business Enterprises (M/WBEs). Following procurement guidelines under 2 CFR 200.321, NMHC must make efforts to ensure that all subrecipients, contractors, subcontractors, and/or developers funded in whole or in part with HUD CDBG-DR financial assistance encourage participation in contracts and other economic opportunities by small and minority firms, women-owned business enterprises (WBEs), and labor surplus area firms whenever possible. NMHC will accept a MWBE certification from another state, local or regional, DPW, SBA HUB Zone, SBA 8-A certification (economically disadvantaged and 51% locally-owned), and other eligible certification processes. Documentation and goals regarding M/WBE percentages and reporting will be determined in the contracting agreements.

1.7 Section 3 Economic Opportunities

Section 3 is triggered when the award of CDBG-DR funds for new construction and rehabilitation projects if the construction contract is $200,000 or more.

Section 3 of the Housing and Urban Development Act of 1968 is to "ensure that employment and other economic opportunities generated by certain U.S. Department of Housing and Urban Development (HUD) financial assistance for housing and community development programs shall, to the greatest extent feasible, be directed to low and very low income individuals, especially recipients of government assistance for housing and to businesses which provide economic opportunities to low and very low income individuals."

The Section 3 program requires that recipients of HUD CDBG-DR funds, to the greatest extent feasible, provide (a) employment and training, and (b) contracting opportunities for low- or very-low-income residents in connection with construction projects in their neighborhoods.

It requires any "Section 3" project (construction contract of $200,000 or more) to report in three categories of labor hours:

- Total project labor hours
- Section 3 labor hours (any position where wages are at or below the threshold for a 1-person household at 80% AMI).
- Section 3 targeted worker (Section 3 worker living in proximity to the project site)

It also specifically encourages economic opportunities for households who are recipients of government assistance for housing. NMHC and all administering entities will follow and require relevant contractors to follow Section 3 requirements in contracting.

Section 3 applies to the CNMI, as recipient of HUD funding, as well as to subrecipients or Implementing Partners/Sub-recipients receiving HUD funding exceeding $200,000. Whenever any portion of HUD funding is invested into projects involving housing construction, demolition or rehabilitation, commercial/private improvements for economic development, or other public construction (e.g., roads, sewers, community centers, and public facilities), the requirements of Section 3 apply.

In conjunction with construction activity, Section 3 applies to projects that are fully or partially funded with CDBG-DR assistance, including projects that are financed in conjunction with territory, local, or private matching or leveraged funds, provided that the Section 3 monetary threshold requirements are met. In particular:

- In conjunction with construction activities, Section 3 applies to contractors or subcontractors that receive contracts more than $200,000 for Section 3-covered projects/activities. Once it is determined that Section 3 applies to a project, the requirements apply to all contracts for construction work arising in connection with that project exceeding $200,000, including those not funded with CDBG-DR assistance. Contractors or subcontractors are required to comply with the Section 3 regulations in the same manner as the Commonwealth; and
- "Section 3-covered contract" includes professional service contracts, provided that the work to be performed is generated by the expenditure of funds in furtherance of Section 3 covered work (e.g., housing construction, housing rehabilitation, and other public construction), arising relating to construction projects. Professional service contracts that may constitute Section 3-covered contracts include construction contract oversight,

engineering, architectural, environmental and property evaluation, construction progress and draw inspections, and prevailing wage labor compliance.

The regulations pertain to total labor hours required to complete Section 3-covered projects and activities. If the expenditure of funding for an otherwise covered project and activity does not result in new employment, contracting, or training opportunities, Section 3 reporting will still be required.

When NMHC awards CDBG-DR funds to other governmental departments, nonprofit organizations, subrecipients or other funded entities, NMHC will require they document how reasonable attempts were made to reach numerical goals set forth at 24 CFR Part 75. (25% total hours for Section 3 workers, 5% total labor hours for targeted Section 3 workers). NMHC will inform its Implementing Partners and other funded entities of the requirements of Section 3, including the language required to be inserted into all construction-related contracts, assist them and their contractors with achieving compliance, and monitor their performance with respect to the Section 3 objectives and requirements.

Implementing Partners/Sub-recipients will receive training on this requirement and methods of compliance, technical assistance from Program staff, and continual monitoring from NMHC. Currently, a Section 3 Plan is under development, the details of which will be included in an update to this manual.

1.8 System for Award Management (SAMs)

SAM is the federal System for Award Management and is a requirement for doing business with the U.S. government. All vendors are required to register in SAM in order to be awarded contracts under the CDBG-DR program. Vendors are required to complete a one-time registration to provide basic information relevant to procurement and financial transactions. Vendors must update or renew their registration annually to maintain an active status.

1.9 Uniform Relocation and Real Property Acquisition Act (49 CFR 24)

The Uniform Relocation Assistance and Real Property Acquisition Act (URA) is a federal law that establishes minimum standards for federally funded programs and projects that require the acquisition of real property (real estate) or displace persons from their homes, businesses, or farms. The URA's protections and assistance apply to the acquisition, rehabilitation, or demolition of real property for federal or federally funded projects. The phrase "program or project" is defined in 49 CFR Part 24 as, "any activity or series of activities undertaken by a federal agency or with federal financial assistance received or anticipated in any phase of an undertaking in accordance with the federal funding agency guidelines."

The objectives of the URA are:

- To provide uniform, fair and equitable treatment of persons whose real property is acquired or who are displaced in connection with federally funded projects;
- To ensure relocation assistance is provided to displaced persons to lessen the emotional and financial impact of displacement;

- To ensure that no individual or family is displaced unless decent, safe, and sanitary (DSS) housing is available within the displaced person's financial means;
- To help improve the housing conditions of displaced persons living in substandard housing; and,
- To encourage and expedite acquisition by agreement and without coercion.

49 CFR 24.101(c)(1) provides that the subpart B requirements also apply to the acquisition of permanent and/or temporary easements necessary for the project. However, 49 CFR 24.101(c)(2) provides an exception for the acquisition of temporary easements which exclusively benefit the property owner.

Demonstrable Hardship - A demonstrable hardship is a substantial change in an applicant's financial situation that will prohibit or severely affect their ability to provide a minimal standard of living or the basic necessities of life including food, housing, clothing and transportation without causing economic distress well beyond mere inconvenience as shown by objective evidence. A demonstrable hardship must be occurring after the named storms. The demonstrable hardship must be of a severe, involuntary and unexpected nature. It must not be one that is generally shared by other applicants affected by the named storms. Examples of demonstrable hardships may include job loss, failure of a business, divorce, severe medical illness, injury, death of a family member or spouse, unexpected and extraordinary medical bills, disability, substantial income reduction, unusual and excessive amount of debt due to a natural disaster, etc. None of the listed examples above, individually or taken together, automatically establish a demonstrable hardship nor is the listing above exhaustive as there may be other factors relevant to the issue of demonstrable hardship in a particular case. If an applicant believes that they are in the state of demonstrable hardship and that the demonstrable hardship causes them to not comply with any of the program policies, they may present their existence of a demonstrable hardship to their case worker (housing or grant specialist) and the Program will evaluate on a case-by-case basis after review of all of the circumstances. Applicants claiming a Demonstrable Hardship shall be required to provide evidence of such claimed Demonstrable Hardship to the case worker.

Not Suitable for Rehabilitation – properties where the cost of rehabilitation exceeds the after rehab appraisal and there is not a compelling historical or community justification to save the property.

APPENDIX A.2: HOMEBUYER APPLICATION CHECKLIST

NORTHERN MARIANAS HOUSING CORPORATION
Community Development Block Grant – Disaster Recovery (CDBG-DR) Division
P.O. BOX 500514, Saipan, MP 96950-0514
Email: cnmi-cdbg-dr@nmhcgov.net
Website: http://www.cnmi-cdbgdr.com

Tels: (670) 233-9447
233-9448
233-9449
233-9450
Fax: (670) 233-9452

CDBG-DR PROGRAM GRANT APPLICATION CHECKLIST

Applicant(s):_____ **Date:**_____ **Submission Date:**_____

In order to complete your application for assistance, we need the following items below:

- [ ] **Uniform Residential Loan Application**
- [ ] **Certification of Household Size Form**
- [ ] **Use of Funds Certification (both Applicant and Co-Applicant must sign)**
- [ ] **Certification of Storm Tie-Back (both Applicant and Co-Applicant must sign)**
- [ ] **Duplication of Benefits Affidavit and Subrogation Agreement (both Applicant and Co-Applicant must sign)**
- [ ] **Division of Tax & Revenue- Certificate of Compliance (for both Applicant and Co-Applicant)**
- [ ] **FEMA Applicant Information Request form (both Applicant and Co-Applicant must sign)**
- [ ] **Photo I.D. -Driver's License, MOS, Passport (for applicants only) and Birth Certificates (for each member of the household)**
- [ ] **Eligibility Release Form (each adult member of the household must sign date and initial)**
- [ ] **Statement of Unemployment (each adult member of the household who is unemployed must complete this form)**
- [ ] **Social Security -Consent to Release Information (must be completed by each household member)**
- [ ] **Verification of Employment (employee's employer must complete this form)**
- [ ] **Check/Pay stubs (4 most current)**
- [ ] **1040 Tax Form for previous two (2) years (20___ and 20___)**
- [ ] **Verification of Child Support Payments, if applicable**
- [ ] **Checking Account Statement (6 most recent statements)** > REASON FOR THIS? WHY ONLY 1 MO. FOR CVG.
- [ ] **Savings Account Statement (most recent statement)**
- [ ] **Assets – Retirement 401 (a)/(k), Supplemental Life, etc. (most recent statement with each cash value)**
- [ ] **Divorce Decree, Judgment(s), etc., if applicable**
- [ ] **Certificate of Title, Deed, or Residential Homestead Permit, etc. with Property Map (if applicable)**
- [ ] **Documentation for any Federal assistance such as WIC, MEDICAD, MEDICARE, LIHEAP, NAP, CHILDCARE ASSISTANCE, etc.**
- [ ] **Utility Bill (most current)**
- [ ] **Affidavit**

Due to the fact that many families are in the same position you are and the high demand for our services, we ask that you notify us one (1) day prior to your appointment if are unable to attend. If you are unable to submit ALL the necessary photocopied documents to your appointment, your eligibility assistance may be delayed.

Please read carefully:
As head of the household, I declare that members of my household have no ownership, in full or in part, of any assets other than those identified above, the value of which have been disclosed. Please sign below:

_____ _____
APPLICANT/DATE **CO-APPLICANT/DATE**

_____
DR LOAN SPECIALIST/DATE

"NMHC is an equal employment and fair housing public agency"

Tinian Field Office
Tel: (670)433-9213
Fax: (670)433-3690

CDBG-DR Office
Tel: (670)233-9447/9448/9449

Rota Field Office
Tel: (670)532-9410
Fax: (670)532-9441

NORTHERN MARIANAS HOUSING CORPORATION
Community Development Block Grant – Disaster Recovery (CDBG-DR) Division
P.O. BOX 500514, Saipan, MP 96950-0514
Email: cnmi-cdbg-dr@nmhcgov.net
Website: http://www.cnmi-cdbgdr.com

Tels: (670) 233-9447
233-9448
233-9449
233-9450
Fax: (670) 233-9452

CDBG-DR PROGRAM LOAN APPLICATION CHECKLIST

Applicant(s):_____ Date:_____ Submission Date:_____

In order to complete your application for assistance, we need the following items as checked below:

[ ] Uniform Residential Loan Application
[ ] Eligibility Release Form (each adult member of the household must sign date and initial)
[ ] Use of Funds Certification (both Applicant and Co-Applicant must sign)
[ ] Duplication of Benefits Affidavit and Subrogation Agreement (both Applicant and Co-Applicant must sign)
[ ] Verification of Employment (employee's employer must complete this form)
[ ] Statement of Unemployment (each adult member of the household who is unemployed must complete this form)
[ ] Verification of Child Support Payments, if applicable
[ ] Social Security -Consent to Release Information (must be completed by each household member)
[ ] Check/Pay stubs (4 most current)
[ ] 1040 Tax Form for previous two (2) years (20__ and 20__)
[ ] Division of Tax & Revenue- Certificate of Compliance (for both Applicant and Co-Applicant)
[ ] Loan Payment record(s), if any
[ ] Checking Account Statement (6 most recent statements)
[ ] Savings Account Statement (most recent statement)
[ ] Assets – Retirement 401 (a)/(k), Supplemental Life, etc. (most recent statement with each cash value)
[ ] Divorce Decree, Judgment(s), etc., if applicable
[ ] Certificate of Title, Deed, or Residential Homestead Permit, etc. with Property Map (if applicable)
[ ] FEMA Applicant Information Request form (both Applicant and Co-Applicant must sign)
[ ] Photo I.D. -Driver's License, MOS, Passport (for applicants only) and Birth Certificates (for each member of the household)
[ ] Documentation for any Federal assistance such as WIC, MEDICAD, MEDICARE, LIHEAP, NAP, CHILDCARE ASSISTANCE, etc.
[ ] Utility Bill (most current)
[ ] If a bankruptcy has been filed, a copy of your discharge letter (WE CANNOT PROCEED WITHOUT THE LETTER)
[ ] Affidavit

Due to the fact that many families are in the same position you are and the high demand for our services, we ask that you notify us one (1) day prior to your appointment if are unable to attend. If you are unable to submit ALL the necessary photocopied documents to your appointment, your eligibility assistance may be delayed.

Please read carefully:
As head of the household, I declare that members of my household have no ownership, in full or in part, of any assets other than those identified above, the value of which have been disclosed. Please sign below:

_____ _____
APPLICANT/DATE CO-APPLICANT/DATE

_____
DR LOAN SPECIALIST/DATE

"NMHC is an equal employment and fair housing public agency"

Tinian Field Office
Tel: (670)433-9213
Fax: (670)433-3690

CDBG-DR Office
Tel: (670)233-9447/9448/9449

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SUBCHAPTER 100-100.4
POLICIES AND PROCEDURES FOR CDBG-DR HOMEOWNER REHABILITATION AND RECONSTRUCTION

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Part 001 - General Provisions

§ 100-100.4-001 Introduction

As a result of the 2018 storms, namely Typhoon Mangkhut and Super Typhoon Yutu, the Commonwealth of the Northern Mariana Islands (CNMI) received an allocation of Community Development Block Grant Disaster Recovery (CDBG-DR) funds which will be administered by the Northern Marianas Housing Corporation (NMHC). NMHC has developed the Homeowner Rehabilitation and Reconstruction Program to cover the eligible costs to rehabilitate or reconstruct storm-related damaged properties in order to restore them back to decent, safe, and sanitary conditions. The governor of the CNMI has placed housing as the highest recovery priority. The total allocation amount at this time under this Program is $39,407,033.

Due to the limited availability of CDBG-DR funds allocated to the CNMI from the U.S. Department of Housing and Urban Development (HUD), financial assistance will be prioritized for the elderly or disabled extremely low-income families and then to low- to very low-income homeowners subject to HUD income limits which are published annually (https://www.huduser.gov/portal/datasets/il.html). NMHC has recognized these target groups to assist under the CDBG-DR program. Funds will be made available for eligible homeowner rehabilitation and reconstruction activities through grants to assist in the rehabilitation and reconstruction of their principal place of residence. The Program is designed to create a habitable living environment for homeowners with the most serious and significant damaged homes, and to serve as many impacted households as possible. As such, the Program requires the use of standard building materials, which may not restore some damaged homes to pre-storm conditions if luxury materials were damaged in the storm. To ensure the funding will assist the maximum number of households, rehabilitation and/or reconstruction work and materials will be limited to those items necessary to make the home livable and compliant with referenced building codes and HUD requirements.

Homeowner rehabilitation activities include those items identified at the initial inspection which are necessary in bringing the home in compliance with the 2018 International Building Code enacted by law and any updates approved by regulation by the CNMI Department of Public Works Building Safety Office and zoning laws (if applicable for Tinian and Rota), International Energy Conservation Code as adopted by the CNMI government, NMHC written design standards for single family housing new/rehabilitation, and accessibility requirements (where applicable) including the reduction of lead-based paint hazards and the remediation of other home health hazards.

The NMHC, on behalf of the CNMI, has been designated as the responsible entity in implementing and carrying out the objectives of the program. The Office of Housing under the CDBG-DR Program, Planning Division, will be responsible for the day-to-day operations of the Homeowner Rehabilitation and Reconstruction Program. Services include program outreach to potential eligible homeowners, application intake, program eligibility verification (both for the household and property), Duplication of Benefits review, Verification of Benefits analysis, award calculation, and

documentation execution., scope development and construction oversight. Support services will be provided by NMHC's Mortgage and Credit Division and Fiscal Division with respect to maintenance of financial records. Overall, the NMHC Corporate Director will assume ultimate responsibility for the efficient and proper administration of this program in accordance with statutory and regulatory requirements. Through these policies and procedures and by imposing NMHC and HUD-prescribed residential rehabilitation standards, NMHC will preserve and improve the quality of the housing stock of the CNMI that incurred damage during Typhoon Mangkhut and Super Typhoon Yutu.

§ 100-100.4-002 Public Announcement

(a) Publicity.

(1) Upon notification from HUD of the approval of the grant agreement, NMHC shall publish such approval within thirty (30) calendar days from the date of the approval. General information of the Homeowner Rehabilitation and Reconstruction Program shall be published in the print media of the widest local circulation, on the NMHC website, and other suitable means available. The program information shall also be posted in public and private bulletin boards where announcements are commonly posted. Grant applications may be submitted on or after a specified date to be stated in the public notice.

(2) With the conversion of the Homeowner Rehabilitation and Reconstruction Program from a loan to a grant program, NMHC will review the applications of all those determined to be ineligible due to high debt-to-income ratios when the program was structured as a loan program. It is believed that many of those who did not satisfy underwriting requirements will now be eligible for assistance,

(3) Once the revised group of applicants has been identified, if additional funds remain, NMHC will conduct additional outreach. That outreach will focus on low- and moderate-income areas where there were storm impacts, and low rates of application to ensure that those most in need of assistance are aware of the new program guidelines and requirements.

(b) Contents. Program announcements shall inform interested applicants on how and where they may obtain an application and additional information on the types of homeowner program activities being administered in the CNMI. Such announcements shall further contain the following information:

(1) Brief overview of the Homeowner Rehabilitation and Reconstruction Program;
(2) General list of eligible activities available;
(3) Amount of funding available;
(4) General eligibility requirements to qualify for financial assistance;
(5) Homeowner selection process;
(6) Fair Housing logo and Equal Opportunity language; and
(7) Opening date for acceptance of applications.

(c) Affirmative Marketing. To ensure that all persons are effectively and adequately informed about the rehabilitation and reconstruction program and the availability of funds, especially to those least likely to apply without regard to race, color, national origin, sex, religion, familial status, and disability, a marketing strategy such as brochures or information notices shall be provided and distributed or posted in the following locations and shall contain the information described in subsection (b). NMHC shall maintain records of actions taken to affirmatively market the program, and maintain records to assess the results of those actions. Brochures and/or program information notices shall be made available at the following public and private areas:

~~(1) U.S. Post Offices;~~
~~(2)~~(1) Major shopping centers;
~~(3)~~(2) Public health centers;
~~(4)~~(3) Places of worship;
~~(5)~~(4) Government office buildings;
~~(6)~~(5) The Nutrition Assistance Program (Food Stamp) office(s); and
~~(7)~~(6) U.S. Social Security Administration office(s).

Part 100 - Purpose and Requirements

§ 100-100.4-101 Purpose of the Program

The purpose of the program is to provide assistance in the form of grants to extremely low, very low and low-income families for the rehabilitation or reconstruction of their principal residence. The rehabilitation goal is to repair or reconstruct storm damaged homes, increasing the economic life of the existing dwelling, providing energy efficiency, and ensuring a safe, decent, and healthy living environment for assisted families.

If funding remains after serving all the low to moderate income households, then the program will consider applicants with household incomes 81% or greater AMI.

The **rehabilitation component** will be available to serve homeowners whose homes received Major or Severe damage but do not meet the definition of destroyed or substantially damaged. NMHC will use the services of A&E firms to provide construction management which includes conducting damage assessments, design services, developing scopes of work and costs estimates, progress inspections, and contractor assessments. The construction managers will work closely with the Housing Division staff, contractors, and homeowners throughout the rehabilitation or reconstruction process.

The **reconstruction component** will be available to serve homeowners whose homes were destroyed or substantially damaged. Applicants that have already demolished their storm-damaged homes must also provide documentation evidencing the pre-storm structure type, total square footage, and that the damage to the home was caused by the storm. Applicants

must also provide notices of condemnation, substantial damage notifications, or other notices requiring the property be demolished.

§100-100.4-102 Ineligible Activities

The following activities are *ineligible* and CDBG-DR grant funds *cannot* be used for any portion:

- Assistance for homeowners whose home was in a flood hazard zone and previously received federal flood disaster assistance and failed to maintain the required flood insurance;
- Assistance for homeowners for (a) whose property sustained damage in the typhoons and was located in a floodplain at the time of the disaster, and (b) the owner did not maintain flood insurance on the damaged property, even if the property owner was not required to obtain and maintain such flood insurance (see Section 4.4 below);
- Forced mortgage payoffs;
- SBA home/business loan payoffs;
- Funding for units occupied by any households except the owner household (no rental or lease properties are allowed);
- Funding for second homes; or
- Compensation payments.

§ 100-100.4-103 General Requirements

To qualify for rehabilitation assistance, the applicant(s) must meet the following:

(a) Qualify as Low Moderate-Income family as defined by HUD including applicants who are above the 80% but less than 120% of AMI. Eligible households over 80% AMI will meet the national objective of urgent need;

(b) The dwelling must be the applicant's primary residence prior to the storms and prior to applying for rehabilitation or reconstruction assistance;

(c) Must occupy and continue to occupy residence after the completion of such repairs for five (5) years and for reconstruction for a period of ten (10) years;

(d) Own the property under an approved form of ownership as set forth in 24 CFR § 92.254(c), and as specified below:

(1) Has fee simple title to the property;
(2) Maintains a 10-year leasehold interest in the property;
(3) Maintains an equivalent form of ownership approved by HUD.
(4) Undergo duplication of benefits analysis.

(e) Applicants not meeting any one of the above, do not qualify for assistance under this program.

Title 18, Section I 00 I, et seq. of the United States Code, the general false statement statute, outlaws making materially false statements, intentional or negligent misrepresentations in matters within the jurisdiction of a federal agency or department, such as federal disaster relief funding. Civil or criminal penalties, including but not limited to fine, imprisonment or both, as well as repayment of any assistance provided, may be pursued. Under Section 100I, a statement is a crime if it is false, regardless of whether it is made under oath. Failure to disclose accurate and complete information may affect eligibility requirements. Some of the information submitted by applicants will be validated through third-party sources during the eligibility process.

The following is incorporated into all application and grant documents:

Warning: *Any person who knowingly makes a false claim or statement to HUD may be subject to civil or criminal penalties under 18 U.S.C. 287, 1001 and 31 U.S.C. 3729. Under penalties of perjury, I/we certify that the information presented above is true and accurate to the best of my/our knowledge and belief. I/We further understand that providing false representations herein constitutes an act of fraud. False, misleading or incomplete information may result in my ineligibility to participate in this program or any other programs that will accept this document. Title 18, Section 1001 of the U.S. Code states that a person is guilty of a FELONY if he/she knowingly and willfully makes a false statement to any department of the United States Government.*

Part 200 - Grant Specifications

§ 100-100.4-201 Grant Amount

(a) The maximum grant amount for a Rehabilitation project is capped at $200,000.00, excluding possible optional relocation costs. In special circumstances, a Review Panel, impaneled by the Corporate Director, may authorize a greater amount.

(b) Reconstruction projects may exceed the rehabilitation projects' maximum of $200,000 that are deemed justified and cost reasonable and supported by independent cost estimates. The maximum for a Reconstruction project is $250,000.00, excluding possible optional relocation costs. In special circumstances, a Review Panel, impaneled by the Corporate Director, may authorize a greater amount.

(c) NMHC, through the assistance of a private A&E Firm, may update independent cost estimates currently capped at $200,000 for rehabilitation projects periodically and as may be needed.

§ 100-100.4-202 Unit Size Determination and Occupancy Standards

(a) **Fair Housing**. The Fair Housing Act ("Act") (42 U.S.C. §§ 3601-19) prohibits discrimination in the sale, rental, and financing of dwellings, and in other housing-related transactions, based on race, color, national origin, religion, sex (including gender identity

and sexual orientation), familial status, and disability. Discrimination includes a failure to make a change, exception, or adjustment to a policy, practice, procedure, or service when such accommodation may be necessary for an individual with a disability to enjoy and use housing. In addition to the requirements under the Act, there may be additional requirements for recipients of federal assistance from HUD.

(b) **Housing Unit Suitability**. Homes acquired, purchased, or newly constructed with CDBG-DR funds under this program, at a minimum, shall be decent, safe, and sanitary.

(c) **Determination of Unit Size**. Limited funding notwithstanding, NMHC shall ensure that the following occupancy standards are observed.

(1) **Occupancy Standards**. Occupancy standards are rules about the number of people that can live in a bedroom or at a property. These standards are usually based on the number of bedrooms at a property, but they can also take into account the total amount of livable square footage. Oftentimes, a combination of both makes the final call about how many people can live there. HUD occupancy standards are the rules set up by the Department of Housing and Development. These federal occupancy standards are part of the Fair Housing Act Amendment, and they are the overarching rules for occupancy.

(2) **Unit Bedroom Size.** NMHC has set the following Occupancy Standards for family and unit size:

(i) All bedrooms with one person should have at least 70 square feet.

(ii) Shared bedrooms must have at least 50 square feet per person.

(iii) Kitchens and other non-habitable rooms cannot be used as a bedroom.

(iv) Every unit should have an overall occupant limitation based on its overall size:

(i) 1-2 occupants: must have at least 120 square feet living room.

(ii) 3-5 occupants: must have at least 120 square feet living room and 80 square feet dining room.

(iii) 6 or more occupants: must have at least 150 square feet living room and 100 square feet dining room.

No. of Family Members	No. of Bedrooms
1-2	2
3-4	2
5-6	3
7-8	4
9 and above	5

(v) **Exceptions**. In certain unique conditions and situations, NMHC, on a case-by-case basis, may grant exceptions when warranted and after thorough review of grant applications.

§ 100-100.4-205 Target Group

Because of the limited funding allocated to the CNMI, NMHC has recognized the need to prioritize the level of assistance to qualified families. In the event that there are more applicants than available funds, NMHC shall establish and maintain an applicant waiting list. All applicants being assisted,

as well as those placed on the waiting list shall be processed on a first come, first serve basis, based in the priority needs as described below:

NMHC will categorize the target groups based on income levels as follows:

(a) 0% to 80% AMI- 1st priority:

(b) 81 or greater AMI- 2nd priority:

§ 100-100.4-210 Income Eligibility

NMHC shall use the HUD CPD Income Eligibility Calculator when determining income eligibility. NMHC shall also refer to the Technical Guide for Determining Income and Allowances for the CDBG-DR Program, Third Edition in verifying the household's assets and income which can be found in the HUD website. The NMHC shall adopt the guide and make use of the 1040 income and asset calculation worksheets including any and all forms required in determining an applicant's annual and adjusted income. Information provided by the applicant shall be accompanied with proper documentations (i.e., check stubs, bank statements, 1040 tax forms, etc.). The anticipated gross annual household income and assets for the next twelve (12) months is used in determining if an applicant(s) is/are eligible to participate in the program. NMHC shall calculate the weekly average income and assets and multiply it by 52 weeks. If the total household income falls within the 80% area median income as indicated in § 100-100.4-220(b), the applicant(s) is/are eligible to participate in the program. Households whose incomes are 80% or greater of the area median income are also eligible once LMI households have been served.

§ 100-100.4-215 Property Eligibility

(a) Property Ownership: Interested applicant(s) must provide proof of fee simple ownership or must have at least a 10-year leasehold interest in the property to be improved. In addition, the applicant must be present and have interest on the property on or before the presidential disaster declaration date for Typhoon Mangkhut or Super Typhoon Yutu. The assisted unit must be located in the CNMI, more specifically, on Saipan, Rota, or Tinian.

(b) In the event of the death of an applicant that has been determined as eligible but prior to grant execution, their heirs who are able to document they were occupants of the residence at the time of the disaster and can prove current ownership through heirship will be eligible to apply for Program assistance.

If an owner occupant of a property damaged by Typhoon Mangkhut and/or Super Typhoon Yutu has passed away, their heirs may apply for Program assistance, provided they are able to submit evidence the damaged property was also the heir's primary residence at the time of one of the storms.

Heirs who were not occupants at the time of either disaster event are not eligible for Program assistance.

(c) Conformance to Property Standards: All assisted properties that are rehabilitated with CDBG-DR assisted funds must meet the program's established rehabilitation standards (see APPENDIX A.2). The Rehabilitation Standards are the program's guidelines of acceptable construction methods and materials to be used when performing rehabilitation and the quality standards that the property must meet when all rehabilitation work is completed.

NMHC's The CDBG-DR Written Rehabilitation Standards shall detail the methods, materials and requirements that the housing must meet upon completion of rehab, including all of the following:

(1) Health and Safety - identifying all life-threatening deficiencies that must be addressed immediately if the housing is occupied [24 CFR 92.251(b)(1)(i)];
(2) Major systems – requiring that, upon project completion, each major system, as defined in 24 CFR 92.251(b)(1)(ii), had a remaining useful life of a minimum of 5 years, or for a longer period as specified by the NMHC, or the major system was rehabilitated or replaced as part of the rehabilitation [24 CFR 92.251(b)(1)(ii)];
(3) Lead-based paint [24 CFR 92.251(b)(1)(iii)];
(4) Disaster mitigation (if applicable) – requiring the property meet the disaster mitigation requirements [24 CFR 92.251(b)(1)(vi)];
(5) State and local codes, ordinances and zoning requirements [24 CFR 92.251(b)(1)(vii)];
(6) Minimum deficiencies that must be corrected based on inspectable items and areas in HUD's Uniform Physical Condition Standards [24 CFR 92.251(b)(1)(viii)].

After rehabilitation or reconstruction is complete, NMHC shall make the rehabilitation standards available to the Department of Public Works (DPW) inspectors and the inspectors shall use them as a guide to certify that completed work was done accordingly. This certification will become part of the applicant record.

(d) Local/State, National, or International Codes: Upon completion of rehabilitation or reconstruction work, the CDBG-DR assisted owner-occupied rehabilitation property must meet the 2018 International Building Code (2018) enacted by law and updates approved by regulation by the CNMI Department of Public Works Building Safety Office, zoning laws, and International Energy Conservation Code as adopted by the CNMI government. The property must also meet the Green Building and Energy Efficiency Standards as outline in the attached documents, consistent with the Federal Register Notice requirements.

(e) Upon completion of rehabilitation work, the CDBG-DR assisted owner-occupied rehabilitation property must meet accessibility requirements, where applicable;

The homeowner must also maintain, at their own expense, property insurance on the property covering fire, earthquake, and typhoon.~~.~~ An insurance waiver may be granted, in whole or in part, to homeowners who show financial hardship.

(f) Principal Residence and Annual Recertification:

(1) CDBG-DR rehab applicants approved to receive financial assistance must own the property and occupy the property as their principal residence at the time of application, upon completion of the CDBG-DR-funded project, and throughout the NMHC affordability period. In order to maintain compliance with the affordability restrictions, borrower(s) shall be recertified annually for principal residency throughout their affordability period. An annual recertification for principal residency notices and form shall be sent to homeowners/borrowers to complete, sign, and submit to NMHC in order to confirm and have on file that they are continually occupying the property and housing. The following stipulations apply for a principal residence:

(i) A deed restriction or covenant running with the land shall incorporate this requirement;

(ii) A written agreement between the homeowner and NMHC shall also incorporate this requirement;

(iii) Temporary subleases are not allowed.

(2) Annual recertifications are conducted in order for homeowners to maintain compliance with the affordability restrictions.

(3) Annual recertifications through field visits may be conducted if the required completed form has not been provided, or if the account status is pending probate, or the account has been accelerated to the collection attorney for foreclosure proceedings. The Program Specialist shall verify the borrower(s) principal residence and, as necessary, to take photos and document the status of the residential unit.

(4) Affordability periods during which the homeowner must maintain the home as his/her primary residence are as follows:

a. Rehabilitation 5 years

~~b.~~ Reconstruction 10 years

b.

~~(5)~~

~~(6)~~

~~(7)~~

~~(8)~~(5) ~~5.~~ Extended Terms: Should a financial hardship beyond the homeowner's control exists, a request for a waiver of the repayment provisions of the affordability requirement can be considered~~:~~. The borrower(s) must provide NMHC with documentation justifying their inability to meet the affordability term while at the same time providing an adequate standard of living for his/her/their family. Financial hardship includes, but is not limited to:

(1) Reduction-in-force;

(2) Reduction in pay;

(3) Family medical emergency (including death of an immediate family member: parents, siblings, child(ren), spouse, and in-laws);
(4) Medical condition (including career-ending injury) that causes homeowner to discontinue employment. The borrower's physician must complete the homebuyer/homeowner program disability eligibility verification to certify the borrower's medical condition;
(5) Temporary relocation (provided that at least one of the original household members is still residing in the assisted unit); or
(6) Natural disaster.

§ 100-100.4-235 Use of Grant Funds

(a) (1) The grant funds will be used to assist existing homeowners to repair, rehabilitate, or reconstruct owner-occupied housing units affected by the storms for the primary purpose of correcting dwelling deficiencies ensuring a safe and healthy living condition, and preserving and extending the physical life of the dwelling. All corrections shall conform to the 2018 International Building Code enacted by law and any updates approved by regulation by the CNMI Department of Public Works Building Safety Office, zoning laws, International Energy Conservation Code as adopted by the CNMI government, and also ensure that it meets the NMHC HOME/CDBG-DR Rehabilitation Standards as adopted by the NMHC Board.
(2) Special purpose homeowner repairs such as weatherization, emergency repairs, and accessibility may only be undertaken within a more comprehensive scope of work that brings the housing unit up to standard.

(b) (1) Rehabilitation - This includes the alteration, improvement, or modification of an existing structure. It also includes moving an existing structure to a new foundation. Rehabilitation may include adding rooms outside the existing walls of a structure.
(2) Adding a housing unit is considered new construction and is not eligible.

(c) Reconstruction - In most instances, applicant(s) requesting assistance under this program live in substandard homes which are often unsafe and unsanitary. Many of which are termite infested and dilapidated to the point where a complete tearing down of the unit would be most appropriate. These types of structures would most likely endanger the households during storms and other calamities. Reconstruction refers to rebuilding a structure on the same lot where the housing unit is standing at the time of the storms. CDBG-DR funds may be used to build a new foundation or repair an existing foundation. Reconstruction may take place on the same foundation that the existing structure was on. Reconstruction may take place anywhere on the lot. During reconstruction, the number of rooms per unit may change, but the number of units may not.

(d) Luxury items and improvements are not eligible, including but not limited to: barbecue pits, bathhouses, exterior hot tubs, saunas, whirlpool baths, swimming pools, satellite dishes, tennis courts, and granite counter tops. Any additions or alterations to provide for commercial use are not eligible.

§ 100-100.4-240 Eligible Costs

CDBG-DR funds can be used to cover the hard rehabilitation costs necessary to meet required rehabilitation standards and associated "soft costs." CDBG-DR funds may be used to pay for property improvements that are considered standard for the area. However, non-essential luxury or cosmetic improvements to the property are not permitted.

(1) Hard costs include the following:
- (i) Meeting the rehabilitation standards;
- (ii) Meeting applicable codes, standards, and ordinances;
- (iii) Essential improvements;
- (iv) Energy-related improvements;
- (v) Lead-based paint hazard reduction;
- (vi) Accessibility for disabled persons;
- (vii) Repair or replacement of major housing systems;
- (viii) Incipient repairs and general property improvements of a non-luxury nature; and
- (ix) Site improvements and utility connections.

(2) Soft costs include the following:
- (i) Financing fees;
- (ii) Preliminary title report (PTR) and lender's title policy, if applicable;
- (iii) Recordation fees, transaction taxes;
- (iv) Legal and accounting fees;
- (v) Appraisals;
- (vi) Architectural/engineering fees, including specifications and job progress inspections;
- (vii) Project costs incurred by the grantee that are directly related to a specific project.

(b) NMHC shall set aside $~~2,050.00~~7,950.00 (more or less, depending on current costs) per project from the program budget to assist each qualified rehab or recon borrower to pay for the following grant closing fees and other related costs. This form of assistance shall not be in any way, a part of the rehab grant amount extended to the client. Borrowers will not be required to pay back any of this amount so long as they are in compliance with NMHC affordability restrictions. The entire amount shall be immediately due and payable by the borrower should NMHC determine that borrower(s) are not in compliance with NMHC affordability restrictions.

(1)	$5,000.00	Utility connection*;
(2)	$~~1,200~~2,000.00	First annual premium for hazard insurance;
(3)	$250.00	Recordation of covenant;
(4)	$100.00	Preliminary title report (PTR);
(5)	$600.00	Appraisal (if applicable)
	$~~2,050~~7,950.00	Total

*Borrower must ensure that there are no outstanding issues with the utility company.

(1) If the homeowner(s) opt to have a private inspector perform unit inspection, the first/initial unit inspection fee may be covered by NMHC, subject to any conditions set by NMHC. Any cost associated with any subsequent inspection shall be the responsibility of the homeowner(s).

Part 300 - Grant Application Process

§ 100-100.4-301 Confidentiality

As is NMHC's practice, all applicant information is kept confidential and shall be made available only to the applicant, the applicant's authorized representative; HUD and the Comptroller General of the United States, any of their representatives, have the right of access to any pertinent books, documents, papers or other records of the participating jurisdiction, state recipients, and subrecipients, in order to make audits, examinations, excerpts, and transcripts; and authorized NMHC personnel.

§ 100-100.4-305 Discrimination Prohibited

Under no circumstances shall any of the NMHC Board of Directors, its officers, employees, agents, or contractors providing services to the corporation discriminate any applicant on the basis of race, color, national origin, religion, sex, ancestry, disability, or familial status (including children under the age of 18 living with parents or legal custodians, pregnant women, and people securing custody of children under the age of 18).

§ 100-100.4-310 Pre-Qualification Interview

(a) Before an applicant can be given a formal application, the interviewing program specialist must conduct a pre-qualification interview to initially determine an applicant's eligibility for assistance. A Homeowner Rehabilitation and Reconstruction Program Pre-Qualification Interview Worksheet shall be completed by the interviewing program specialist.

(b) The information collected from the applicant during these processes subject to verification. As a result, applicants whose threshold eligibility elements cannot be verified may later be determined ineligible for the program.

(c) The following documentation is required to determine eligibility (see File Checklist):
- (1) Completed application
- (2) Valid current ID (applicant and co-applicant)
- (3) Proof of citizenship
- (4) Documentation of principal residency – date of storm
- (5) Proof of ownership
- (6) Income documentation
- (7) Tie to disaster documentation
- (8) Documentation for duplication of benefits determination (FEMA, SBA, private insurance, charity)

(9) Current mortgage statement
(10) Receipts or other documentation of repairs made by applicant with funds provided
(11) Power of attorney (if applicable)
(12) Communication designee (if applicable)
(13) Homestead permit and/or deed (if applicable)

§ 100-100.4-315 Eligibility Notification

Once the applicant(s) has been pre-qualified and have been later determined eligible for the program, NMHC shall officially notify the applicant(s) in writing of their eligibility. Such notification shall be mailed no later than five (5) working days after the determination and shall contain a listing of additional information to be submitted for completion of the applicant's file. Eligible applicant(s) shall be given thirty (30) calendar days to submit the additional information requested. Applicant(s) who do not submit all pending information before the thirty (30) calendar day deadline, shall have their application(s) file placed in the inactive files.

§ 100-100.4-320 Ineligible Applicants

All ineligible applicants shall be notified in writing of their ineligibility. Such notification shall be mailed no later than five (5) working days after the determination of ineligibility and shall include a description/reason of such determination. Those found ineligible may appeal such determination to the Corporate Director within ten (10) working days from the date of receipt of the ineligibility notice. The Corporate Director will then review the appeal and render a decision within thirty (30) days from the date of receipt of the appeal letter. Ineligible applicants may further appeal the Corporate Director's decision to the NMHC Board for reconsideration.

§ 100-100.4-325 Initial Inspection of Residence

Initial inspections shall be conducted by NMHC's A&E firm contractor(s) or project manager and in coordination with the program specialists or an NMHC representative to identify and verify deficiencies noted by eligible homeowners/applicants. NMHC personnel conducting the inspections shall note deficiencies in written form and shall document (i.e., obtain pictures) the condition of the unit. Such inspections shall also verify the eligibility and be the basis in estimating the costs of the rehabilitation activities requested and in developing the scope of work for the rehabilitation project. The applicant and the inspection personnel (A&E firm), as well as the responsible program specialist, shall work cooperatively to develop the scope of work for the project. The rehab scope of work needs to adequately describe the work to be performed so the housing will meet NMHC's written rehabilitation standards at completion. The scope of work must be an eligible activity as described in § 100-100.4-235. The A&E firm providing the scope of work will also provide NMHC with an estimated cost of repairs that will serve as the independent cost estimate against which construction bids will be evaluated. The scope of work shall be provided to three (3) NMHC-approved contractors by the borrower(s) who shall prepare a cost breakdown estimate for the project. The estimates shall then be submitted along with the applicant(s) choice of contractor for the project upon submission of his/her/their grant application. If the applicant(s)'s choice of

contractor is not on NMHC's approved contractor listing, the contractor shall be vetted prior to award of the contract. With regard to reconstruction projects, NMHC may provide pre-approved house plans to the applicant that best fit the footprint of the destroyed home. NMHC may, at its own discretion, select the appropriate contractor for the applicant if the rehab project is deeply subsidized using additional CDBG-DR funds. Deeply subsidized means additional funding assistance on top of the underwritten funding assistance.

§ 100-100.4-330 Lead-Based Paint

(a) The federal government banned lead-based paint from housing in 1978. Deteriorating lead-based paint (peeling, chipping, chalking, cracking, or damaged) is a hazard and needs immediate attention.

(1) For Homeowner Rehabilitation Projects: Before any rehabilitation work is done, homeowners must provide documentation that shows that their homes were built either before or after January 1, 1978. Such documentation may include a copy of the building permit, if one can be provided; a notarized declaration/affidavit by the homeowner(s) or contractor attesting to the completion date of the home construction; and the age of the dwelling unit/property.

(b) For those homes deemed to have been completed before January 1, 1978, they must be checked for lead in one of two ways, or both:

(1) A paint inspection which shows the lead content of every different type of painted surface in the home;
(2) A risk assessment which shows if there are any sources of serious lead exposure (such as peeling paint and lead dust). A risk assessment provides the homeowner the necessary actions to take when addressing these hazards.

(c) Only a trained, certified professional is allowed to check the home for such hazards. Only a certified lead "abatement" contractor is allowed to permanently remove lead hazards. However, if the risk assessment does not reveal any lead-based paint hazards, NMHC will not require the homeowner to conduct any abatement of hazards.

(d) For those homes that were completed before January 1, 1978, the following forms must be completed by the contractor:

(1) Lead Hazard Evaluation Notice;
(2) Notice of Lead Hazard Reduction;
(3) Relocation Screening Sheet for Projects with Lead Hazard Reduction Activities;
(4) Protection of Occupants' Belongings and Worksite Preparation for Projects with Lead Hazard Reduction Activities; and
(5) Property Owner/Rehab Contractor Contract Addendum Reduction of Lead Paint Hazards

(e) The following are required activities to address lead-based paint;

(1) NMHC-issued Notifications

(i) Lead Hazard Information Pamphlet—Occupants, owners, and purchasers must receive the EPA/HUD/Consumer Product Safety Commission (CPSC) lead hazard information pamphlet, or an EPA-approved equivalent.

~~(ii)~~ Notice of Lead Hazard Evaluation or Presumption—Occupants, owners, and purchasers must be notified of the results of any lead hazard evaluation work or the presumption of lead-based paint or lead hazards.

~~(iii)~~ (ii)

(2) Notice of Lead Hazard Reduction Activity—Occupants, owners, and purchasers must be notified of the results of any lead hazard reduction work.

(3) Lead Hazard Evaluation—Evaluation methods include visual assessments, paint testing, and risk assessments.

(4) Lead Hazard Reduction—Reduction methods described include paint stabilization, interim controls, standard treatments, and abatement.

§ 100-100.4-335 Environmental Review Procedures for Entities Assuming HUD Environmental Responsibilities (24 C.F.R. Part 58)

(a) CDBG-DR rehabilitation activities to be undertaken by NMHC are subject to the environmental review requirements at 24 C.F.R. Part 58. NMHC is the responsible entity and is responsible for ensuring that the environmental review process is satisfied before CDBG-DR funds are committed to specific project site.

(b) Rehabilitation of homeowner housing may be categorically excluded per 24 C.F.R. §58.35(a)(3) when the following conditions are met:

(1) The building is for residential use and has one to four units;

(2) The density will not increase beyond four units; and

(3) The land use will not change.

(c) Reconstruction of a single-family unit in a new location on the same lot is classified as new construction for the purposes of environmental review. Reconstruction of homeowner housing may be categorically excluded per 24 C.F.R. § 58.35(4)(i) when it is an individual action (reconstruction only) on a one to four family dwelling and there are no more than 4 dwelling units on any one site.

(d) Homeowner rehabilitation housing categorically excluded per 24 C.F.R. § 58.35 is categorically excluded from an environmental assessment (EA) and finding of no significant impact (FONSI) under the National Environmental Policy Act (NEPA) except for extraordinary circumstances. To document compliance with environmental review requirements, NMHC must:

(1) Complete the Rehab Environmental Review (RER) (which includes the Notice of Intent to Request Release of Funds for Tiered Projects and Programs, submitting a RROF to HUD, and obtaining the ATUGF from HUD), in accordance with 24 CFR 58; and,
(2) Complete the Tier 2~~(a)~~ Site Specific Review - RER Appendix A when an individual ~~loan or~~ grant application is received before approving any site-specific grant for each structure, document and implement the mitigation of impacts as necessary, and keep all supporting documents in the Environmental Review Record as evidence of compliance.

§ 100-100.4-340 Rehabilitation or Reconstruction Grant Application

(a) Applicants determined eligible for assistance will be provided a Rehabilitation or Reconstruction Grant Application. A checklist of all required documentation for submission is attached to the grant application. Preliminary requirements include:

(1) Certificate of title/deed/homestead permit/lease agreement;
(2) Property map and sketch of direction to property;
(3) Program eligibility release form
(4) 1040 tax form for the previous tax year;
(5) Latest two (2) months of pay stubs;
(6) Verification of employment;
(7) Current loan statement or loan payment record;
(8) Most recent savings account statement (TCD, bonds, form passbook, money market accounts);
(9) The last six (6) months checking account statement available;
(10) Profit sharing plan (bank or duty-free employees);
(11) Most recent retirement plan statement;
(12) Current certification of child care expenses;
(13) Current Certificate of Compliance from Division of Revenue and Taxation;~~;~~'
(14) Judgments (if any); divorce statement and/or probate decree;
(15) Verification of medical expenses (transportation and medication);
(16) Verification of full-time student status;
(17) Business income tax forms for three (3) previous years, if applicable;
(18) Verification of Social Security or SSDI benefits;
(19) Verification of pension and annuities;
(20) Verification of Veterans Affairs benefits;
(21) Most current financial statements, if applicable.

(b) A duplication of benefits verification will also be performed to determine actual grant assistance.

§ 100-100.4-345 Application Intake and Processing

§ 100-100.4-350 Verification of Income

As part of determining income eligibility (to determine income eligibility, NMHC needs to consider the income of ALL household members), the applicant(s) shall provide NMHC with an executed Program Eligibility Release Form to conduct a third-party verification, if needed.

§ 100-100.4-355 Administration, Approval, Appeals Process

(a) Program Administration

(1) The Housing Administrator is tasked in implementing and managing of related tasks. The Housing Administrator shall ~~assign~~ supervise program specialists ~~to assist in grant~~in grant origination, underwriting and closings ~~signings~~ under the Homeowner Rehabilitation and Reconstruction Program. The Duplication of Benefits (DOB) analysis will also be conducted by the CDBG-DR Housing Administrator to determine net financial assistance to be provided to the Homeowner.

(2) Under the direction of the CDBG-DR Housing Administrator, a CDBG-DR Grant Supervisor and/or a Grant Specialist shall review and verify all applicants' income, assets, liabilities, title reports, and any other requested reports and documentation. Upon completion of the review process, the Grant Specialist shall prepare a grant write-up containing his/her recommendations.

~~(2)~~(3) The Housing Administrator shall review each submitted application, ensure all supportive documentation is in place and complete, and concur or make any necessary recommendations to the Corporate Director prior to the Corporate Director making the final decision on the grant application.

(b) Grant Review & Approval

Under the direction of the Housing Administrator, a grant specialist shall review and verify all applicants' income, title reports, and any other requested reports and documentation. Upon completion of the review process, the grant specialist shall prepare the grant document.

(1) The Housing Administrator shall review the grant application for concurrence before submitting the same to the Corporate Director for a final decision. Final approval or denial of any grant shall be made by the Corporate Director except as follows:

(i) If the Corporate Director is off-island or on extended leave at the time the ~~loan or~~ grant is submitted to him/her for a final decision, then the Deputy Corporate Director may make the final decision to approve or deny the grant; or

(ii) If the Corporate Director and Deputy Corporate Director are both simultaneously off island or on extended leave at the time the grant is submitted for a final decision, then the Acting Corporate Director may make the final decision to approve or deny the grant.

(2) For purposes of these policies, off-island or extended leave shall be defined as an absence or leave that extends for more than three (3) working days after the ~~loan or~~ grant is submitted to the Corporate Director for his or her final decision.

(3) A written notice of the final decision shall be provided to the applicant and a copy/report of the decision shall be provided to the NMHC Board of Directors for informational purposes.

(c) Grant Denial Appeals Process

(1) Applicants denied assistance under this program may appeal the final decision to the NMHC Board of Directors (Board) by submitting their appeal in writing to the Corporate Director within ten (10) calendar days of the written notice of the final decision.

(2) Any appeal submitted must indicate the basis for the appeal and include any supporting documents. Upon receipt of an appeal, the Corporate Director shall submit the same to the Board of Directors for review and action at the next scheduled Board meeting.

§ 100-100.4-360 Homeowner Counseling Session

All applicants for grant assistance must attend a Homeownership/Homebuyer Education and Counseling Session that will be provided by NMHC. On or before August 1, 2021, NMHC employees providing housing counseling will be HUD certified housing counselors, and NMHC will have applied directly to HUD and received approval, or NMHC will have applied to a HUD-approved intermediary and received approval by the entity to be its affiliate. NMHC shall notify the applicant(s) of the date, time, and location of the session. The education and counseling session shall be scheduled after the grant has been preliminarily approved and may be conducted before or on the day that NMHC issues the commitment letter to the applicant(s). The counseling session shall include a discussion of the terms and conditions of the grant, educate the homeowner(s) of their financial responsibilities, the importance of budgeting, making timely payments, foreclosure prevention, as well as home maintenance and repair measures. Acceptable delivery method for housing counseling may be in-person, phone, or internet. Duration of the housing counseling is ~~eight~~ four (~~8~~4) hours. Upon completion of the housing counseling, the grant recipients will receive a counseling certificate and this counseling certificate is valid for 2 years. Funding for housing counseling will come from project-related soft costs.

NMHC shall inform applicant(s) at the time of their submission of their application of the required homeowner counseling session and again in written form when NMHC notifies the applicant(s) of NMHC's preliminary approval of their grant request. Failure to attend the required Homeownership/Homebuyer Education and Counseling Session may be grounds for denial or cancellation of assistance.

§ 100-100.4-365 ~~Grant Agreement~~Commitment Letter

Once the grant application has been approved by the NMHC Corporate Director, the responsible grant specialist shall prepare the ~~grant agreement~~Commitment Letter for the Corporate Director's signature. The Commitment Letter~~grant agreement~~ is a binding agreement between NMHC and the borrower(s) wherein it discloses the terms and conditions of the grant including that the housing is the principal residence of an income qualified homeowner; the amount of the grant, the rehabilitation work to be performed; the completion date; and the property standards that must be met.

~~(a) The responsible program specialist shall obtain a written certification (via email or memo format) from the Chief Financial Officer or Finance Manager that funds are available for the project before the Corporate Director executes the grant agreement.~~

~~(b)~~(a) After the Commitment Letter~~grant agreement~~ has been signed and dated by the Corporate Director, the responsible program specialist shall schedule the applicant(s) to come in and also sign and date the document should they agree with the terms and conditions.

~~(c)~~(b) NMHC must reexamine the household's income eligibility if the determination was made more than six (6) months before signing the Commitment Letter~~Grant Agreement~~.

~~(d)~~(c) NMHC must set up the activity in DRGR following execution of the grant agreement and commitment of CDBG-DR funds.

§ 100-100.4-370 Preliminary Title Report (PTR)

(a) The responsible program specialist shall order a preliminary title report (PTR) on behalf of the applicant(s). ~~within two (2) weeks after the applicants have executed their grant agreement.~~ The purpose in obtaining a title report is to ascertain ownership of the proposed property is verified and there are no liens that will cloud the title.

(b) A title search and review of recorded ownership information is conducted to verify that the property to be assisted with CDBG-DR funds is held in one of the eligible forms of ownership.

(c) The responsible program specialist shall obtain the preliminary title report (PTR) by submitting an email request to the local title companies. The project will be granted on a first come, first served basis to the company agreeing to the rate set by NMHC.

~~(d) The Program Specialist shall obtain an updated PTR prior to grant signing to ensure that the ownership of the property is verified and there are no liens that will cloud the title.~~

~~**§ 100-100.4-374 Contractor Selection Process**~~

~~(a) All vendors and contractors are required to register with NMHC in order to do business with our agency. Interested vendors/contractors are provided a registration packet that lists all~~

~~required documents, i.e., valid CNMI business license, financial statements, certificate of good standing from the CNMI DOL, actively registered with SAM, etc. Something similar bidder/offeror's responsibility or possess the capacity and capabilities to carry out and complete contractual obligations prior to awarding of a contract.~~

~~(b) NMHV maintain a list of approved contractors that is continuously updated when a new contractor completes the vetting process and is registered with NMHC~~

~~(c) Awards shall be made only to responsible contractors. To be determined responsible, a prospective contractor must: (1) Have adequate financial resources to perform the contract, or the ability to obtain them; (2) Be able to comply with the required delivery or performance schedule; (3) Have a satisfactory performance record; (4) Have a satisfactory record of integrity and business ethics; (5) Have the necessary organization, experience, and skills, (or the ability to obtain them) required to successfully perform the contract; (6) Have the necessary production, construction, and technical equipment facilities, or the ability to obtain them; (7) Provide evidence of validity to conduct business in the Commonwealth (valid business license(s), up-to-date BGRT payments, Certificate of Good Standing from NMI Department of Labor, Certificate of Insurance Compliance from NMI Department of Commerce, Payment and Performance Bond Insurance (as applicable), Employees listing with valid permits and identification to reside and work in the Commonwealth, etc.); and (8) Be otherwise qualified and eligible to receive an award under applicable laws and rules. (b) Obtaining information. Prior to award, the Procurement Officer shall obtain information from the bidder or offeror necessary to make a determination of responsibility using the factors in subsection (a) above. The unreasonable failure of a bidder or offeror to promptly supply information in connection with an inquiry with respect to responsibility may be grounds for determination of non-responsibility with respect to that bidder or offeror. (c) Right of non-disclosure. Information furnished by a bidder or offeror pursuant to subsection (b) may not be disclosed outside of the office of the Procurement Officer, or any other NMHC official involved without prior consent by the bidder or offeror. (d) Non-responsibility determination. When a bid or proposal on which a contract award would otherwise be made is rejected because the prospective contractor is found to be nonresponsible, a written determination shall be signed by the Procurement Officer stating the basis for the determination and this shall be placed in the contract file.~~

~~(d) Once an applicant is approved for the program a scope of work is developed by the A/E firm under contract to NMHC,~~

~~(e) NMHC provides a list of approved contractors along with the approved scope of work to the Homeowner.~~

~~(f) The homeowner provides the scope of work to at least three contractors for bid. If the homeowner wishes to use a contractor not on the NMHC list, that contractor's name must be submitted to MNHC for vetting and approval before they can be allowed to bid,~~

(g) The homeowner selects the contractor with whom they wish to work.

(h) The final selection of a contractor is submitted to NMHC for approval.

i. The final bid selected need not be the lowest bid as long as it is within 10% of the independent cost estimate.

ii. If the selected contractor exceeds 10% of the independent cost estimate and the homeowner insists on using that contractor then the homeowner must provide funding in advance of contract signing to cover any costs in excess of 10% of the independent cost estimate.

iii. Homeowners who are unable or unwilling to provide the excess funding needed have the option to either utilize a contractor with a lower bid or withdraw from the program.

iv. The contract is between the contractor and the homeowner.

§ 100-100.4-375 Pre-Construction Conference

(a) The pre-construction conference shall be held after NMHC's receipt of the PTR and the same has been determined to have met NMHC's requirement as indicated in § 100-100.4-370. The responsible program specialist shall inform the homeowner(s) and their contractor, and their private inspector (if applicable), in written form of the scheduled pre-construction conference. The notice shall include the date, time, and location of the conference. The conference shall be conducted by the responsible grant specialist and shall include the homeowner(s), their contractor, and their private inspector (if applicable).

(b) The homeowner(s) and their contractor, and if applicable, their private inspector, are to be provided with information such as their rights and responsibilities before, during, and after the rehabilitation period of their home.

§ 100-100.4-380 Submission of Pre-Construction Documents

The NMHC shall notify the contractor of the homeowner(s) selection of his/her/their company and shall likewise instruct the contractor to submit the required construction documents listed below. These documents are to be provided to NMHC within thirty 30 days from the date of notice.

(a) Building permit (if applicable);

(b) Zoning Permit (if applicable);

(c) Earthmoving & erosion control permit (if applicable);

(d) Construction contract;

(e) Performance bond;

~~(f) Plans & specifications approved by DPW;~~

~~(g)~~(a) ~~Private inspector's contract (if applicable).~~

Part 400 - Rehabilitation

§ 100-100.4-401 Performing Rehabilitation Work

(a) NMHC's Architecture and Engineering firm will be responsible for the development of the scope of work and determination of an estimated cost of repairs in advance of procuring bids for construction.

(b) Contractor Cost Estimates. The homeowner(s) shall be responsible in obtaining a minimum of three (3) written rehabilitation cost estimates from at least three (3) NMHC approved contractors, and each cost estimate submitted must include, at a minimum, the following information: bid price, cost breakdown of materials and labor charges, and schedule for completion of work.

(c) Selection of Contractor. The homeowner(s) shall have the right to select a contractor to perform the rehabilitation work, provided that the contractor's quotation and after rehab value does not exceed the independent cost estimate provided by the A/E firm plus or minus 10%. The contractor must be an NMHC-approved contractor or if not an approved contractor, then NMHC must vet the contractor prior to award of the project. Should it exceed the grant amount, the homeowner shall negotiate with the contractor in reducing the contract amount. If the contractor is not willing to lower the contract amount, then the borrower shall select his/her/their next choice. Once the homeowner and contractor agree to the project and cost, the homeowner shall submit a contractor selection notice notifying NMHC of his/her/their selection.

(d) Construction Contract. The construction contract is a binding agreement strictly between the homeowner and the contractor whereby the contractor will provide the rehabilitation or repair or reconstruction work for a specified and agreed upon price. As NMHC's role is to finance the construction of the project, it is not a party to the construction contract. However, NMHC will monitor the construction process and, at any time the contractual provisions are not followed, NMHC shall meet with the homeowner and contractor to discuss the dispute and come to a mutual agreement. The construction contract shall include, but is not limited to, the following provisions:

(1) Contractor's name and mailing address;
(2) Homeowner(s) name and mailing address;
(3) Date of the contract, the contract amount, and payment schedule for each incremental billing;
(4) Calendar days to complete the work (includes Saturdays, Sundays, and holidays);

(5) Contractor will provide the performance bond, labor and material payment bond up to the contract amount, as well as a builder's risk policy for the project;

(6) The contractor will provide all the construction plans and permits necessary to comply with applicable local and federal laws;

(7) Issuance of the notice to proceed or the commencement of the project and that the rehab must start within 12 months of NMHC executing the commitment letter with the borrower;

(8) Contractor will provide a one-year warranty on all work completed;

(9) NMHC's right to inspect the progress of the project and right to withhold progress payments;

(10) Change order procedures, if any;

(11) A provision for liquidated damages must be included in the construction contract which shall be negotiated between the homeowner and contractor; and

(12) Description of the work to be performed so that inspections can be conducted and, for rehabilitation, so that housing will meet NMHC's rehabilitation standards.

(e) Contractor Notification and Pre-Construction Requirements. Once NMHC is in receipt of the homeowner's contractor selection notice, NMHC shall notify the contractor of the homeowner's selection of their company. NMHC shall inform the contractor of the scheduled pre-construction conference and shall likewise inform the contractor of the required construction documents for submission as listed below.

(1) Building permit (if applicable);
(2) Zoning permit (if applicable);
(3) Earthmoving and erosion control permit (if applicable);
(4) Construction contract;
(5) Performance and payment bonds;
(6) Plans and specification approved by DPW;
(7) Private inspector's contract (if applicable).

(f) Project Duration –Rehabilitation projects should be completed within ~~nine~~ twelve (~~9~~12) months following execution of ~~a~~the CDBG-DR ~~Grant~~ Written Agreement. Reconstruction projects should be completed within twelve (12) months following execution of ~~a Grant~~ the CDBG-DR Written Agreement. Contract extensions may be granted in extenuating circumstances upon approval of NMHC.

(1) Progress payment requests shall be submitted to NMHC by the contractor incrementally as specified in the payment schedule. NMHC shall ensure that all work description indicated on the payment schedule is completed prior to releasing the contractor's payment. An original and a copy of the request must be submitted to the NMHC. The contractor shall freely use his/her/their company's billing form when submitting a payment request. The payment request shall be accompanied with the following whenever applicable: inspection reports (DPW and/or private inspector), geotesting results, termite treatment certification and/or warranty, builder's warranty,

and/or homeowner's acceptance of the project. In addition, each billing submitted must include pictures of the progress of the project and a copy of the payment schedule.

(2) Payment schedule shall be as follows:

(i) Payment request number 1 shall not be more than 10% of the contract amount. This shall include the installation of the project sign board accompanied with a picture, the delivery of materials to the construction site and commencement of the project;

(ii) Payment request number 2 shall not be more than 25% of the contract amount;

(iii) Payment request number 3 shall not be more than 25% of the contract amount;

(iv) Payment request number 4 shall not be more than 25% of the contract amount;

(v) Payment request number 5 shall be the 15% retainage request when all work is completed. The final payment request shall be accompanied with the certificate of occupancy from DPW's Building Safety Office, builder's warranty, window warranty if subcontracted, termite treatment warranty, final inspection report from the DPW and if applicable, the private inspector's inspection report, certificate of acceptance from the homeowners, geotesting results if applicable, proof of Green Standards implementation, pictures of the project's interior and exterior, and DEQ certificate of use (sewage disposal system), if applicable and house keys with duplicates.

(3) Change Order Procedures. From time to time, homeowners may request for changes in the plans and specifications. In the event that this should occur, the following steps must be taken to address such request:

(i) Homeowner must notify contractor in written form of the proposed changes and provide NMHC a copy of the notification.

(ii) Upon receipt of the notification, the contractor must cease work at the project site and obtain NMHC's approval of the change order request. A/E firm or HMHC staff will review change order for cost reasonableness. Upon approval the contractor shall then provide NMHC with the revised plans and specifications, including a revised payment schedule (if scheduled payments will be altered by the proposed changes). The contractor must obtain NMHC's approval of the change order request.

(iii) Once the change order request is approved, the grant agreement will be revised to reflect the new amount. The contractor will be required to submit the revised plans and specifications to DPW for approval.

(iv) Should the change order request be denied, then the contractor shall resume work to ensure timely completion of the project. The contractor may not be able to complete the project on time because of the delays the change order request may have caused. Therefore, the homeowners shall give the contractor additional days equal to the time the work was ceased up until the time the change order request was denied to complete the project. The homeowner shall not charge the contractor liquidated damages during this period.

(v) Once the contractor has obtained the DPW's approval of the plans and specifications, then it shall provide the NMHC with the same copy. The contractor shall proceed in carrying out the change order and completing the project.

(vi) Inspections: NMHC shall have the right, during the rehabilitation work or improvement of the unit, to inspect the same and with justification, to reject and to require to be replaced, any material or workmanship that does not comply with the plans and specifications, without any liability on the part of NMHC, as to workmanship or materials therein. Such inspection is solely for financing purposes and for the disbursement of funds, and any inspection or approval of any rehabilitation phase or increments of said dwelling shall not be deemed as a warranty by NMHC of the workmanship and material therein.

(vii) Inspector: Progress and final inspections shall be conducted by the Building Safety Office of the Department of Public Works (DPW) to ensure all work performed is done according to the plans and specifications as approved by the applicant and DPW and applicable property standards. Homeowner(s) may have a private inspector, (i.e., a qualified licensed engineer or a qualified licensed architect), conduct inspection at the homeowner's costs with such inspection to be handled in accordance with § 100-100.4-240.

(viii) Minimum Property Standards (MPS): For new construction of housing and acquisition and/or rehabilitation of housing, CNMI Building Safety Code and zoning laws (if applicable for Tinian and Rota), International Energy Conservation Code, NMHC written design standards for single-family housing new/rehabilitation, and accessibility requirements (where applicable) must be adhered to. Homeowners, through their contractors, must ensure that they are familiar with these requirements. NMHC may rely on inspections performed by a qualified person.

(ix) The contractor will provide all the construction plans and permits necessary to comply with applicable local and federal laws.

Part 500 - Fraud, Waste and Abuse

§ 100-100.4-501 Eligibility Certification

Homeowner certifies that he/she has provided complete, accurate, and current information regarding household income, residency, occupancy, and any other documentation required to demonstrate Homeowner's eligibility to receive CDBG Disaster Recovery funds.

Any activity carried out with CDBG-DR funds involving residential rehabilitation is considered to benefit LMI persons only to the extent such housing will, upon completion, be occupied by such persons.

The Homeowner hereby affirmatively certifies that their material representations which have been relied upon by NMHC as essential to its determination of the eligibility of the Homeowners to receive the grant funds have been truthfully, satisfactorily and adequately provided to NMHC.

The Homeowner agrees and attests to the fact that if any of the representations made are intentionally or willfully false or fraudulent, NMHC may immediately declare the Homeowner in default of this Grant Agreement, allowing for remedies as provided for under this grant agreement and the law.

§ 100-100.4-505 Default

Any one or more of the following events shall constitute an event of default under this grant agreement:

a. Failure to perform any covenant or promise under this Grant Agreement, or making any representation or warranty in this Grant Agreement, or in the application for the grant, or in any report, certificate, financial statement or other instrument furnished in connection with the property, which is false or misleading in any material respect.
b. Seizure or foreclosure of the property or assets of the Homeowner pursuant to process of law or be respect of legal self-help, unless said seizure or foreclosure is stayed or bonded within thirty (30) days after the occurrence of same; or
c. If any other event of default has occurred and remains uncured under any other agreement entered into between NMHC and the Homeowner.

§ 100-100.4-510 Remedies Upon Default

Upon the existence of any event of default, NMHC, after giving notice and reasonable opportunity to cure the default may, in its sole discretion, do any of the following, alone or in combination:

a. Terminate this Grant Agreement;
b. Withhold grant funds not yet paid at the time of default during such time as an event or events of default remain uncured;
c. File an action at law against the Homeowner to obtain a judgment against the Homeowner to recover the full amount of all grant funds paid; or
d. Pursue any other remedies against the Homeowner including any civil and criminal remedies allowed by law.

NMHC'S rights under Default shall survive termination of the Grant Agreement. Failure to insist on the prompt performance by Homeowner of Homeowner obligations pursuant to this Grant Agreement is not a waiver by the NMHC of any of its rights hereunder.

Part 600 - Affordability

§ 100-100.4-601 NMHC Affordability Restrictions

(a) Long Term Affordability: NMHC has elected to impose NMHC affordability requirements that require that assisted properties remain affordable for a specific period of time, depending on the nature of the activity funded:

DR Funds Invested per Unit	Minimum Length of the Affordability Period
Rehabilitation	5 years

Reconstruction	10 years

(1) Affordability Restrictions

(i) The affordability requirements are to be imposed by deed restrictions, covenants running with the land, or other mechanisms approved by HUD, except that the affordability restrictions may terminate upon foreclosure or transfer in lieu of foreclosure or upon grant repayment

(2) Affordability and Special Exceptions

(i) The affordability restrictions shall be revived according to the original terms if, during the original affordability period, the owner of record before the termination event, or any entity that includes the former owner or those whom, the former owner has or had family or business ties, obtains an ownership interest in the project or property. If a home rehabilitated with CDBG-DR assistance is sold during the NMHC affordability period, NMHC recapture provisions apply to ensure the continued provision of affordable homeownership.

(b) Right of First Refusal. During the affordability period, the homeowner(s) agrees not to sell or assign the residence hereby rehabilitated to any persons unless and until homeowner(s) proposes to sell same to NMHC, its successors or assigns on terms consistent with preserving affordability and allows then sixty (60) days' time within which to purchase said residence.

(c) Recapture. NMHC will ensure that it recoups all or a portion of the assistance provided to the homeowner(s) if the housing unit ceases to be the principal residence of the homeowner(s) for the duration of the period of affordability. Subsidy amounts (in the form of grants) that directly benefited the property owner are subject to recapture. Recapture is capped at what is available out of net proceeds for agreements. Net proceeds are defined as the sales price less superior non CDBG-DR debt (if any) less closing costs. NMHC shall utilize the following recapture options:

Reduction during NMHC Affordability Period. NMHC may reduce the grant amount to be recaptured on a pro rata basis for the period the homeowner(s) has/have owned and occupied the housing unit measured against the required NMHC affordability period; however, homebuyer(s) must occupy the housing unit at at least halfway into the affordability period, whichever is greater, in order to qualify for this recapture option. For example, if the CDBG-DR subsidy is $60,000 with 10-year affordability and the owner sells the property in the 8th year of ownership the recapture amount will equal $12,000. ($60,000/10 years affordability period x 2 years remaining = $12,000 recapture.)

(d) ~~Note:~~ When the recapture requirement is triggered due to a voluntary or involuntary sale during the period of affordability and there are no net proceeds or the net proceeds are insufficient to repay the CDBG-DR investment due, NMHC may recapture an amount less than or equal to the net proceeds available.

(e) Legal Instruments to Enforce Recapture. NMHC must use deed restrictions, land covenants, or other similar legal documents approved by HUD to enforce these recapture restrictions as approved by HUD. These requirements will also be included in grant agreements.

Part 700 - Conveyance

§ 100-100.4-701 Sale, Conveyance, or Transfer of Property

(a) Enforcement of the terms of the recapture provisions as set forth in the written agreements/commitment letters is triggered upon the sale, conveyance, or transfer of title of the rehabilitated real property under this program during the NMHC affordability period which may not necessarily result in the repayment of all CDBG-DR assistance. Upon sale of the home and enforcement of the recapture provisions, the affordability period will terminate.

(b) At the sole discretion of NMHC, a title transfer will only be permitted through the laws of descent ~~o~~ or upon selling the property, provided that NMHC has been properly informed and the same has consented to such sale. If should any of these occur, one must submit his/her intention to sell the property and request for the NMHC Board's approval for the transfer of title. If the title changes hand through the laws of descent during the affordability period, the affordability period may not terminate and continue with the new homeowner if the new homeowner satisfies the eligibility requirements. The new homeowner may assume the affordability period if the new homeowner meets the eligibility requirements. If the title changes hand through the laws of decent during the NMHC affordability period and the new homeowner does not meet the eligibility requirements, NMHC will enforce the terms of recapture set forth in the commitment letter and enforced with recorded deed restrictions or land covenants. Upon enforcement of the recapture provisions, the NMHC affordability period will terminate.

Part 800 - Assumption

§ 100-100.4-801 Grant Assumption

(a) Death of a Borrower—Immediately upon notification to NMHC of a borrower's death, the surviving borrower or a family member of the borrower(s) shall complete a deceased borrower's report and/or submit a copy of the death certificate.
  (1) In situations where there exists a surviving co-applicant, that applicant may stay in the home for the duration of the grant affordability period.
  (2) If both borrowers are deceased, NMHC may allow for a qualified heir to occupy the home upon probate court decree which shall be provided to NMHC~~)~~.
    (i) This assumption exception is permitted where transfer of title is through the laws of descent provided that the heir is of legal age, meets all program eligibility requirements and has a full, undivided interest in the real property. The heir will be

required to fill out an application and execute a grant agreement update and will be subject to a can income verification.

(ii) The heir or heirs of the deceased will be responsible in maintaining the property as they await the probate decree. Once they are in receipt of the decree, they must submit it to NMHC so that NMHC will prepare an amendment to the grant agreement.

Part 1000 Ethics

§ 100-100.4-1001 Conflict of Interest

(a) Under no circumstances shall any immediate family members (whether by blood, marriage or adoption) the spouse, parent (including a stepparent), child (including a stepchild); brother, sister (including a stepbrother or stepsister), grandparent, grandchild, and in-laws of a covered person, elected or appointed officials of the CNMI government, NMHC's Board of Directors, its officers, agents, and employees may participate in any CDBG-DR assisted projects or units including the procurement of materials, or have an interest in any contracted services, or be a beneficiary in any proceeds. Other provisions in 24 C.F.R. § 92.356 shall apply. Conflict of interest applies to covered persons who exercise or have exercised any functions or responsibilities with respect to activities assisted with CDBG-DR funds or who are in a position to participate in a decision-making process or gain inside information with regard to these activities. Covered persons may not obtain a financial interest or financial benefit from a CDBG-DR activity, or have a financial interest in any contract, subcontract, or agreement with respect to the CDBG-DR assisted activity, or the proceeds from such activity, either for themselves or those with whom they have business or immediate family ties, during their tenure or for one year thereafter.

(b) Exceptions: Threshold requirements. Upon the written request of the participating jurisdiction, HUD may grant an exception to the provisions above on a case-by-case basis when it determines that the exception will serve to further the purposes of the CDBG-DR Program and the effective and efficient administration of the participating jurisdiction's program or project. An exception may be considered only after the participating jurisdiction has provided the following:

(1) A disclosure of the nature of the conflict, accompanied by an assurance that there has been public disclosure of the conflict and a description of how the public disclosure was made; and

(2) An opinion of the participating jurisdiction's or state recipient's attorney that the interest for which the exception is sought would not violate state or local law.

(c) Factors to be considered for exceptions. In determining whether to grant a requested exception after the participating jurisdiction has satisfactorily met the requirements mentioned above, HUD will consider the cumulative effects of the following factors, where applicable:

(1) Whether the exception would provide a significant cost benefit or an essential degree of expertise to the program or project which would otherwise not be available;
(2) Whether the person affected is a member of a group or class of low-income persons intended to be the beneficiaries of the assisted activity, and the exception will permit such person to receive generally the same interests or benefits as are being made available or provided to the group or class;
(3) Whether the affected person has withdrawn from his or her functions or responsibilities, or the decision-making process with respect to the specific assisted activity in question;
(4) Whether the interest or benefit was present before the affected person was in a position as described in paragraph (c) of this section;
(5) Whether undue hardship will result either to the participating jurisdiction or the person affected when weighed against the public interest served by avoiding the prohibited conflict; and
(6) Any other relevant considerations.

Part 1100 - Miscellaneous

§ 100-100.4-1101 Acronyms Reference Section

[For Rehab and Reconstruction Program Policies and Procedures]

(a) AIA—American Institute of Architects

(b) AMI—Area Median Income

(c) CD—Corporate Director

(d) CDBG-DR – Community Development Block Grant Disaster Recovery

(e) CFR—Code of Federal Regulations

(f) CNMI—Commonwealth of the Northern Mariana Islands

(g) CPSC—Consumer Product Safety Commission

(h) DCD—Deputy Corporate Director

(i) DEQ—Department of Environmental Quality

(j) DPW—Department of Public Works

~~(k) DTI—Debt-to-Income Ratio~~

~~(l)~~(k) EA—Environmental Assessment

~~(m)~~(l) GFE—Good Faith Estimate

~~(n)~~(m) HOME Program—U.S. HUD Homeownership Investment Partnerships Program

~~(o)~~(n) LEP—Limited English Proficiency

~~(p)~~(o) LMI—Low Moderate Income

~~(q) MCD—Mortgage Credit Division~~

~~(r)~~(p) MBE—Minority-Owned Business Enterprise

~~(s) MPS—Minimum Property Standards~~

~~(t) MPV—Maximum Property Value~~

~~(u)~~(q) NAHA—National Affordable Housing Act

~~(v)~~(r) NEPA—National Environmental Policy Act

~~(w)~~(s) NMHC—Northern Marianas Housing Corporation

~~(x)~~(t) NTP—Notice to Proceed

~~(y)~~(u) PII—Personally Identifiable Information

~~(z)~~(v) PITI—Principal, Interest, Taxes, and Insurance

~~(aa)~~(w)PJ—Participating Jurisdiction

~~(bb)~~(x) PTI—Payment-to-Income Ratio

~~(cc)~~(y) PTR—Preliminary Title Report

~~(dd)~~(z) RER—Rehab Environmental Review

~~(ee)~~(aa) RESPA—Real Estate Settlement Procedures Act

~~(ff)~~(bb)SCRA—Service Members Civil Relief Act

~~(gg)~~(cc) SSI—Supplemental Security Income [Social Security]

~~(hh)~~(dd) TCD—Time Certificates of Deposits

~~(ii)~~(ee) TILA—Truth in Lending Act

~~(jj)~~(ff) U.S. HUD—United States Department of Housing and Urban Development

~~(kk)~~(gg) USDA RD—United States Department of Agriculture Rural Development

~~(ll)~~(hh) USPAP—Uniform Standard of Professional Appraisal Practice

~~(mm)~~(ii) VOE—Verification of Employment

~~(nn)~~(jj) WMBE—Women-owned or minority-owned business enterprise

Definitions:

Adjusted Gross Income (AGI): AGI is an individual's total gross income minus specific deductions. Adjusted income is derived by subtracting any of the five allowed deductions that apply to household from the household's annual (gross) income. For elderly or disabled households, deductions for the type of household, dependent childcare, medical and disability assistance expenses are allowed; family households may deduct dependent, childcare and disability assistance expenses.

Area Median Income (AMI): Calculated annual limits based on HUD-estimated median family income with adjustments based on family size used for demonstrating LMI beneficiaries in the program. May also be referred to as Area Median Family Income (AMFI) in other program documents.

Beneficiary: An individual, person, family or household receiving advantage or assistance from the CDBG-DR funding.

Builder/Contractor: (Used interchangeably) A person who contracts to reconstruct or repair houses and or supervise building operations.

Case Management: The collaborative process of providing services that include assessment, planning, facilitation, coordination and advocacy for reconstruction or rehabilitation to individual homeowner applicants to ensure they fully understand the Program's housing solutions, resulting in clear and transparent determination of eligibility, reconstruction or rehabilitation options, assistance award amounts, the construction management process, documentation and ongoing compliance requirements. Case Managers will work to decrease barriers for homeowners to participate in the program wherever possible. Case Workers will explain the Program's solutions and provide information on the Reconstruction/Rehabilitation process in standardize formats.

Common Area Under Roof: The total area under the common roof is primarily interior, conditioned spaces and, for single-story homes is equal to the footprint of the house. The term is also synonymous with the eligible area. Exterior spaces such as detached porches and garages are considered *ineligible* areas.

Damage Assessment: A report resulting in a physical inspection of the housing unit to document damage from the event. The assessment must be conducted by a certified or licensed inspector and is required to specifically and clearly document storm-related property damage via photographic evidence and detailed narratives. Damage assessments must include a final estimated cost of repairs according to local code, an assessment of cost-effectiveness of each recommended activity (reconstruction or rehabilitation), mold remediation and the total amount of assistance needed to bring the home up to code at completion.

Demolition: The clearance and proper disposal of dilapidated building and improvement materials.

Duplication of Benefits: The amount determined by the Program that would represent financial assistance covering costs that have been received from another source for the same need. The Robert T. Stafford Disaster Assistance and Emergency Relief Act (Stafford Act) prohibits any person, business concern, or other entity from receiving financial assistance from CDBG-DR funding with respect to any part of a loss resulting from a major disaster as to which he/she has already received financial assistance under any other program or from insurance or any other source for the same need. A Duplication of Benefit amount determined by the Program would result in the reduction of an award amount.

Environmental Review: All qualified projects must undergo an environmental review process. This process ensures that the activities comply with National Environmental Policy Act (NEPA) and other applicable federal and territorial laws. 24 CFR Part 58 Environmental Review Procedures for Entities Assuming HUD Environmental Responsibilities as well as Related Federal Laws and Authorities Listings under 24 CFR 50.4 and 58.6 will be followed.

Estimated Cost of Repair (ECR): The report resulting from a damage assessment detailing the estimated project costs necessary to repair /or reconstruct the home to the minimum housing rehabilitation for mitigation and elevation efforts to reduce the impact of future storms.

Federal Emergency Management Agency (FEMA): The agency of the United States Department of Homeland Security standards, and costs with the primary purpose of coordinating the response to a disaster that has occurred within the United States and that overwhelms the resources of local authorities.

FEMA-Designated High-Risk Area: Areas designated by FEMA as vulnerable to significant wind and/or storm surge damage and areas located in the 100-year flood zones. These areas will be identified during the environmental review process for each participating jurisdiction.

Flood Hazard Area: The land area covered by the floodwaters of the base flood is the Special Flood Hazard Area (SFHA) on NFIP maps. The SFHA is the area where the National Flood Insurance Program's (NFIP's) floodplain management regulations must be enforced and the area where the mandatory purchase of flood insurance applies. The SFHA includes Zones A, AO, AH, A1-30, AE, A99, AR, AR/A1-30, AR/AE, AR/AO, AR/AH, AR/A, VO, V1-30, VE, and V.

Flood Insurance: The Flood Disaster Protection Act of 1973 (42 U.S.C. 4012a) requires that projects receiving federal assistance and located in an area identified by FEMA as being within a Special Flood Hazard Areas (SFHA) be covered by flood insurance under the National Flood Insurance Program (NFIP). For property owners to be able to purchase flood insurance, the community must be participating in the NFIP. If the community is not participating in the NFIP, federal assistance cannot be used in those areas.

Floodplain: FEMA designates floodplains as geographic zones subject to varying levels of flood risk. Each zone reflects the severity or type of potential flooding in the area.

"'100-year floodplain" - the geographical area defined by FEMA as having one percent chance of being inundated by a flooding event in any given year.

"500-year floodplain" - the geographical area defined by FEMA as having a 0.2 percent change of being inundated by a flooding event in any given year.

Household: A household is defined as all persons occupying the same housing unit, regardless of their relationship to each other. The occupants could consist of a single family (including a family that consists of a single individual), two or more families living together, or any other group of related or unrelated persons who share living arrangements. For housing activities, the test of meeting the LMI National Objective is based on the combined income of the household.

Individual Mitigation Measures (IMM): Activities designed to mitigate and/or reduce risk beyond the pre-disaster condition of a housing unit when the activities are above and beyond federal, state, or local units, and the payment of flood insurance are not IMM activities. Examples of IMM activities include elevation above the base flood elevation level, or the addition of storm shutters, disaster proof windows, roof straps, etc. as long as those improvements are not required to comply with local code requirements and did not exist on the housing unit prior to the disaster damage.

Low- to Moderate-Income (LMI) National Objective: Activities which benefit households whose total annual gross income does not exceed 80% of Area Median Income (AMI), adjusted for family size. Income eligibility will be determined and verified in accordance with 24 CFR Part 5 requirements using procedures as stated in the Technical Guide for Determining Income and Allowances, 3rd Edition (HUD-1780-CPD). The most current income limits, published annually by HUD, shall be used to verify the income eligibility of each household applying for assistance at the time assistance is provided.

Major or Severe Damages: $8,000 or more of FEMA inspected real property damage or 1 foot or more of flood water on the first floor. Inspection documentation must be maintained in the project file (a copy of the FEMA inspection, or photographic evidence of the flood water damage).

Manufactured Housing Unit (MHU): A structure, transportable in one or more sections which in the traveling mode is 8 body-feet or more in width, and 40 body-feet or more in length, or when erected on site, is at least 320 square feet, and which is built on a permanent chassis designed to be used as a dwelling with or without a permanent foundation when connected to the required utilities, and includes the plumbing, heating, air-conditioning, and electrical systems contained therein.

Minimum Housing Standards: Assisted properties will meet the following standards upon project completion: each living unit will be used and maintained individually, having access such that it is unnecessary to pass through any other living unit, will include utilities and a water supply and will meet the CNMI building codes in place at the time of assistance. Fixtures and finishes will be of "standard" and not "luxury" quality.

Mitigation: Improvements made to a property specifically to reduce the possibility of future property damage, personal and commercial hardship, as well as long lasting monetary burden. For example, creating a flood mitigation program such as an acquisition of at-risk flood-prone property/housing, and elevation of housing in high-risk floodplains are too visible and effective mitigation projects that can be taken to make residents and communities safe in the face of natural disasters.

Modular Home: A home built-in sections in a factory to meet state, local, or regional building codes. Once assembled, the modular unit becomes permanently fixed to one site.

National Flood Insurance Program (NFIP): The National Flood Insurance Program aims to reduce the impact of flooding on private and public structures by providing affordable insurance to property owners, renters and businesses and by encouraging communities to adopt and enforce floodplain management regulations.

New Construction: The site preparation for, and the construction of, an entirely new residential structure in a location that did not previously contain a residential structure.

Reconstruction: Demolition and rebuilding of a residential structure, including a modular housing unit, on the same lot and in substantially the same footprint and manner as the previous housing unit (whether demolished with CDBG-DR assistance, or demolished prior to Program application). This activity also includes replacing an existing substandard site-built, modular housing, or manufactured housing unit (MHU). The number of units may not be increased, and the total square footage of the reconstructed structure may not be substantially increased beyond the original principal residence square footage. However, the number of rooms within a unit may be increased or decreased based on the applicant's current household size.

Rehabilitation: Repair or restoration of a storm-damaged housing unit to applicable CNMI building and construction codes, and minimum property standards for a residential dwelling.

Single Family Home: A single unit containing any group of rooms located within a dwelling and forming a single habitable unit with facilities which are used or intended to be used for living, sleeping and cooking. A single-family home may be detached or attached to another single unit.

Subrogation Agreement: An agreement executed by the homeowner beneficiary agreeing to repay any duplicative assistance if the homeowner beneficiary later receives other disaster assistance for the same purpose as disaster recovery funds already received.

Substantial Damage: Storm damage sustained by a structure whereby the cost of restoring the structure to its pre-storm damaged condition would equal or exceed 50 percent of the market value of the structure before the damage occurred (44 CFR 59.1). Substantial damage includes properties that were fully destroyed by the storm events. A substantially damaged determination may be made by a Commonwealth government official or floodplain manager, or the determination may be made by the CDBG-DR Program based on the Estimated Cost to Repair.

Uniform Relocation Assistance and Real Property Acquisitions Policies Act of 1970, as amended (Title 49 CFR Part 24) (42 U.S.C. 4601 et seq.) (URA): URA applies to all acquisitions of real property or displacements of persons resulting from federal or federally assisted program projects. The objective of the URA is to provide uniform, fair, and equitable treatment of persons whose real property is acquired or who are displaced in connection with federally funded projects. For the purposes of these guidelines, URA mostly applies to involuntary displacements from residential units (49 CFR Subpart B) and acquisition or multifamily damaged/occupied activities that require the relocation of tenants.

Since participation in the Homeowner Reconstruction and Rehabilitation Program is voluntary, permanent relocation compensation is not available to the property owners.

However, NMHC must assure that the Uniform Relocation Act requirements will be followed and that both displaced occupants and any current occupants if any of the project are identified. These occupants are entitled to advisory services, in the form of notices and counseling, moving and/or storage expenses, and coverage of all displacement costs for temporary or permanent relocation pursuant to formula and applicable Federal Register notices. The program will monitor displaced and current tenants and maintain records from the inception of the project. Failure to do so can lead to unexpected and substantial costs and work delay.

Demonstrable Hardship - A demonstrable hardship is a substantial change in an applicant's financial situation that will prohibit or severely affect their ability to provide a minimal standard of living or the basic necessities of life including food, housing, clothing and transportation without causing economic distress well beyond mere inconvenience as shown by objective evidence. A demonstrable hardship must be occurring after the named storms. The demonstrable hardship must be of a severe, involuntary and unexpected nature. It must not be one that is generally shared by

other applicants affected by the named storms. Examples of demonstrable hardships may include job loss, failure of a business, divorce, severe medical illness, injury, death of a family member or spouse, unexpected and extraordinary medical bills, disability, substantial income reduction, unusual and excessive amount of debt due to a natural disaster, etc. None of the listed examples above, individually or taken together, automatically establish a demonstrable hardship nor is the listing above exhaustive as there may be other factors relevant to the issue of demonstrable hardship in a particular case. If an applicant believes that they are in the state of demonstrable hardship and that the demonstrable hardship causes them to not comply with any of the program policies, they may present their existence of a demonstrable hardship to their case worker (housing or grant specialist) and the Program will evaluate on a case-by-case basis after review of all of the circumstances. Applicants claiming a Demonstrable Hardship shall be required to provide evidence of such claimed Demonstrable Hardship to the case worker.

Not Suitable for Rehabilitation – properties where the cost of rehabilitation exceeds the after-rehab appraisal and there is not a compelling historical or community justification to save the property.

Urgent Need National Objective: An activity that addresses an urgent need, defined as a situation where existing conditions pose serious and immediate threat to the health or welfare of the community and are recent or recently became urgent. The Territory, along with any and all subrecipient (s), must document no funds are available and costs cannot be financed for the activities. The CDBG certification requirements set forth in 24 CFR 570.208(c) and 570.489(d) have been waived per 83 FR 5844. The Territory and the subrecipients must document how each activity, program. and/or project funded under this National Objective category responds to a disaster-related impact. (See 24 CFR 570.208(c) and applicable Federal Register Notices which are 83 FR 5844 and 83 FR 40314.)

§ 100-100.4-1105 Homeowner Rehabilitation

Records Management

NMHC will comply with 24 CFR Part 5.2, Compliance with the Privacy Act, which requires the safeguarding of personally identifiable information (PII) by:

- Minimizing the use of PII on program documents and records.
- Providing access to PII only to those who require it for official business.
- Securing PII appropriately for paper or electronic forms.
- Training for data security and compliance with the Privacy Act will be provided to all employees and contractors (if applicable) as part of their on boarding process.

In accordance with HUD regulations, as a grantee and recipient of CDBG-DR funds, NMHC follows the records retention as cited in 2 CFR Part 200.333-337, which includes financial records,

supporting documents, statistical records and all other pertinent records are maintained for five (5) years after closeout of the grant between HUD and NMHC.

APPENDIX A.1: Crosscutting Requirements

1.1 Crosscutting Requirements

1.2 Fair Housing

The Fair Housing Act requires all grantees, subrecipients, and/or developers funded in whole or in part with HUD financial assistance to certify that no person was excluded from participation in, denied the benefit of, or subjected to discrimination in any housing program or activity because of their age, race, color, creed, religion, familial status, national origin, sexual orientation, military status, sex, disability or marital status. The Program complies with and enforces the Civil Rights requirements of Title I of the Housing and Community Development Act (HCDA) and the Fair Housing Law.

Projects must also assess how planning decisions may affect members of protected classes, racially and ethnically concentrated areas, as well as concentrated areas of poverty; will promote the availability of affordable housing in low-poverty, non-minority areas where appropriate; and will respond to natural hazard-related impacts. Program staff will use demographic, geographic, and social vulnerability analyses to determine any positive or negative impacts to protected classes. Should a project present negative impacts, project scope or design will be re-assessed to mitigate such impacts.

1.3 Environmental Review

Early environmental coordination must be completed to ensure effective implementation of all CDBG-DR Programs. CDBG-DR funding is contingent upon compliance with both local and federal environmental regulations. This includes compliance with NEPA and related environmental and historic preservation legislation and executive orders. In general, NMHC serves as the lead agency for purposes of NEPA.

HUD's Environmental Review process allows grantees to serve as the "Responsible Entity" to assume environmental review responsibilities under NEPA. As the grantee, NMHC serves as the Responsible Entity (through authorization from the Governor) as it relates to environmental review responsibilities under NEPA. Within NMHC, Environmental Review Staff will be responsible for performing environmental reviews and compiling the Environmental Review Records (ERR). Reviews are conducted either directly or using qualified environmental service contractors. NMHC 's Corporate Director, as the Certifying Officer, is ultimately responsible with certifying that NMHC's environmental reviews follow NEPA and HUD environmental regulations.

Federal Register Notice FR-6182-N-01 authorizes recipients of CDBG-DR funds under the Appropriations Act to adopt any environmental review, approval, or permit performed by a Federal agency for the same project to satisfy responsibilities with respect to environmental review, approval, or permit. The other agency's environmental review must cover all project

activities funded by the HUD recipient for each project. NMHC will notify HUD in writing of its decision to adopt another agency's environmental review. NMHC will also retain a copy of the review in its environmental records. Further information concerning the specific HUD requirements for the adoption of other Federal agency environmental reviews can be found in the HUD Memorandum dated March 4, 2013, *Adoption of FEMA and Other Federal Environmental Reviews Processing for Hurricane Sandy Supplemental Appropriation (H.R. 152) Activities.* Additional information on the environmental review process in general is set forth in Section § 100-100.4-335, Environmental Review Procedures for Entities Assuming HUD Environmental Responsibilities (24 C.F.R. Part 58).

1.4 Labor Standards

The Davis-Bacon and Related Acts (DBRA) applies to all federally-funded or assisted construction contracts in excess of $2,000. This may apply to projects that are fully or partially funded with CDBG-DR, including FEMA or FHWA match programs. In matched projects, only the scope of the CDBG-DR portion of the project are subject to crosscutting requirements DBRA requires all workers employed by contractors or subcontractors on CDBG-DR programs, be paid wages at rates not less than those prevailing on similar construction in the locality as determined by the Secretary of Labor in accordance with DBRA, as amended. DBRA also requires that workers on federally-assisted projects are paid not less than weekly.

Wage information for labor under CDBG-DR programs will be tracked in detail by both NMHC and relevant Implementing Partners and subrecipients throughout the life of the Program. Compliance for this requirement may be tracked in the following ways:

1. Additional NMHC Program staff hired to track wages and verify contractor and agency compliance
2. External contractor hired by NMHC to track DBRA compliance
3. Enhanced TA provided to Implementing Partners to track DBRA compliance

Davis Bacon applies to the rehabilitation of residential property only if the property contains eight (8) or more units under common ownership, on same or contiguous lots, or with common financing, Residential property that contains seven (7) or fewer units is exempt. Although the statute refers to the rehabilitation of residential property, this exemption has been interpreted to include the new construction of residential property containing seven (7) or fewer units. Typically, single-family homeowner properties are excluded under this exemption.~~Procedures for this process are currently under development and will be incorporated in a future update to this document.~~

For prime contracts in excess of $100,000, contractors and subcontractors must also, under the provisions of the Contract Work Hours and Safety Standards Act, as amended, pay laborers and mechanics, including guards and watchmen, at least one and one-half times their regular pay for all hours worked over 40 in a work week. Additionally, NMHC must follow the reporting requirements per HUD and U.S. Department of Labor (DOL) regulations. This requirement also extends to NMHC subrecipients, Implementing Partners, and contractors.

The Fair Labor Standards Act of 1938 (FLSA), as amended, establishes the basic minimum wage

levels for all work and requires the payment of overtime at the rate of at least one and one-half times the basic hourly rate of pay for hours worked in excess of 40 per week. These labor standards are applicable to the entire construction contract whether or not CDBG-DR funds finance only a portion of the project.

1.5 Limited English Proficiency

Federal Executive Order 13166 requires NMHC and all satellite offices, programs, subrecipients, contractors, subcontractors, and/or developers funded whole or in part with CDBG-DR financial assistance to ensure fair and meaningful access to programs and services for families and individuals with Limited English Proficiency (LEP) and/or deaf/hard of hearing. Compliance with this requirement is detailed in NMHC's Language Action Plan (LAP) and will be coordinated and tracked by the Monitoring and Compliance division at NMHC. Depending on the program, NMHC, Implementing Partners, sub-recipients, and subcontractors will share the following expectations to comply with this Executive Order:

1. Document Translation: All documents defined as "vital documents" will be translated into Chamorro or Carolinian by NMHC, Implementing Partners, and sub-recipients. A "vital document" is defined as a document that includes information regarding eligibility requirements, applications and instructions, program eligibility determinations, and appeals procedures. NMHC may aid ensure this requirement is met.
2. Where required, seek feedback from the community the project serves (advocacy groups serve vital role).

Language maps provided in the Language Action Plan will be used to determine the project's location and subsequent language context and if proactive LEP outreach will be required. These maps will be included as part of the Project Assessment Form used by NMHC to review the eligibility, priority level, and impacts of a potential project.

1.6 Minority and/or Women-Owned Business Enterprises

The Federal Executive Order 12432 guidelines require selected federal agencies to promote and increase the utilization of Minority-Owned and Women-Owned Business Enterprises (M/ WBEs). Following procurement guidelines under 2 CFR 200.321, NMHC must make efforts to ensure that all subrecipients, contractors, subcontractors, and/or developers funded in whole or in part with HUD CDBG-DR financial assistance encourage participation in contracts and other economic opportunities by small and minority firms, women-owned business enterprises (WBEs), and labor surplus area firms whenever possible. NMHC will accept a MWBE certification from another state, local or regional, DPW, SBA HUB Zone, SBA 8-A certification (economically disadvantaged and 51% locally-owned), and other eligible certification processes. Documentation and goals regarding M/WBE percentages and reporting will be determined in the contracting agreements.

1.7 Section 3 Economic Opportunities

Section 3 is triggered when the award of CDBG-DR funds for new construction and rehabilitation

projects creates the need for new employment, contracting, or training opportunities, and the project or contract exceeds $200,000.

Section 3 of the Housing and Urban Development Act of 1968 is to "ensure that employment and other economic opportunities generated by certain U.S. Department of Housing and Urban Development (HUD) financial assistance for housing and community development programs shall, to the greatest extent feasible, be directed to low and very low income individuals, especially recipients of government assistance for housing and to businesses which provide economic opportunities to low and very low income individuals."

The Section 3 program requires that recipients of HUD CDBG-DR funds, to the greatest extent feasible, provide (a) employment and training, and (b) contracting opportunities for low- or very-low-income residents in connection with construction projects in their neighborhoods.

It also specifically encourages economic opportunities for households who are recipients of government assistance for housing. NMHC and all administering entities will follow and require relevant contractors to follow Section 3 requirements in contracting.

Section 3 applies to the CNMI, as recipient of HUD funding, as well as to subrecipients or Implementing Partners/Sub-recipients receiving HUD funding exceeding $200,000. Whenever any portion of HUD funding is invested into projects involving housing construction, demolition or rehabilitation, commercial/private improvements for economic development, or other public construction (e.g., roads, sewers, community centers, and public facilities), the requirements of Section 3 apply.

In conjunction with construction activity, Section 3 applies to projects that are fully or partially funded with CDBG-DR assistance, including projects that are financed in conjunction with territory, local, or private matching or leveraged funds, provided that the Section 3 monetary threshold requirements are met. In particular:

- In conjunction with construction activities, Section 3 applies to contractors or subcontractors if the total project or contract amount is $200,000 or more. Once it is determined that Section 3 applies to a project, the requirements apply to all contracts for construction work arising in connection with that project including those not funded with CDBG-DR assistance. Contractors or subcontractors are required to comply with the Section 3 regulations in the same manner as the Commonwealth; and
- "Section 3-covered contract" includes professional service contracts, provided that the work to be performed is generated by the expenditure of funds in furtherance of Section 3 covered work (e.g., housing construction, housing rehabilitation, and other public construction), arising relating to construction projects. Professional service contracts that may constitute Section 3-covered contracts include construction contract oversight, engineering, architectural, environmental and property evaluation, construction progress and draw inspections, and prevailing wage labor compliance. Contracts with contractors that require advance degrees are not required to report labor hours.

The regulations pertain all covered projects and include the following reporting requirements:

- All project labor hours
- All Section 3 worker labor hours
- All Targeted Section 3 labor hours

HUD as established the following benchmarks for all covered contracts:

- Section 3 workers – 25% of total labor hours
- Targeted Section 3 workers – 5% of total labor hours

When NMHC awards CDBG-DR funds to other governmental departments, nonprofit organizations, subrecipients or other funded entities, NMHC will require they document how reasonable attempts were made to reach numerical goals set forth at 24 CFR Part 135.30. NMHC will inform its Implementing Partners and other funded entities of the requirements of Section 3, including the language required to be inserted into all construction-related contracts, assist them and their contractors with achieving compliance, and monitor their performance with respect to the Section 3 objectives and requirements.

Implementing Partners/Sub-recipients will receive training on this requirement and methods of compliance, technical assistance from Program staff, and continual monitoring from NMHC. Currently, a Section 3 Plan is under development, the details of which will be included in an update to this manual.

1.8 System for Award Management (SAMs)

SAM is the federal System for Award Management and is a requirement for doing business with the U.S. government. All vendors are required to register in SAM in order to be awarded contracts under the CDBG-DR program. Vendors are required to complete a one-time registration to provide basic information relevant to procurement and financial transactions. Vendors must update or renew their registration annually to maintain an active status.

1.9 Uniform Relocation and Real Property Acquisition Act (49 CFR 24)

The Uniform Relocation Assistance and Real Property Acquisition Act (URA), is a federal law that establishes minimum standards for federally funded programs and projects that require the acquisition of real property (real estate) or displace persons from their homes, businesses, or farms. The URA's protections and assistance apply to the acquisition, rehabilitation, or demolition of real property for federal or federally funded projects. The phrase "program or project" is defined in 49 CFR Part 24 as, "any activity or series of activities undertaken by a federal agency or with federal financial assistance received or anticipated in any phase of an undertaking in accordance with the federal funding agency guidelines."

The objectives of the URA are:

- To provide uniform, fair and equitable treatment of persons whose real property is acquired or who are displaced in connection with federally funded projects;

- To ensure relocation assistance is provided to displaced persons to lessen the emotional and financial impact of displacement;
- To ensure that no individual or family is displaced unless decent, safe, and sanitary (DSS) housing is available within the displaced person's financial means;
- To help improve the housing conditions of displaced persons living in substandard housing; and,
- To encourage and expedite acquisition by agreement and without coercion.

49 CFR 24.101(c)(1) provides that the subpart B requirements also apply to the acquisition of permanent and/or temporary easements necessary for the project. However, 49 CFR 24.101(c)(2) provides an exception for the acquisition of temporary easements which exclusively benefit the property owner.

1.10 Voluntary (Optional) Relocation Assistance

NMNC intends to provide voluntary relocation assistance to homeowners who must vacate their homes while repairs or reconstruction occur. Refer to the RARAP policy for details on how this program will be implemented and administered.

APPENDIX A.2: Construction Standards

NMHC's CDBG-DR Written Rehabilitation Standards shall detail the methods, materials, and requirements that the housing must meet upon completion of rehab, including all of the following:

(1) **Exigent Health and Safety (EHS).** Identifying all life-threatening deficiencies[1] that present a direct threat to life or well-being, e.g., that are likely to cause severe injury or reduction in physical or mental ability. These EHS life-threatening deficiencies include: locked emergency/fire exit egress, missing/broken electrical cover plates/switches/outlets, inoperable smoke detectors, and exposed wires/missing covers. See Attachment B.

(2) **Major Systems.** Requiring that, upon project completion, each major system, as defined by federal regulation, had a remaining useful life of 5 years, or for a longer period as specified by NMHC, or the major system was rehabilitated or replaced as part of the rehabilitation. Major systems are: structural support; roofing; cladding and weatherproofing (e.g., windows, doors, siding, gutters); plumbing; electrical; and heating, ventilation, and air conditioning. For rental housing, the participating jurisdiction's standards must require the participating jurisdiction to estimate (based on age and condition) the remaining useful life of these systems, upon project completion of each major systems. For multifamily housing projects of 26 units or more, the participating jurisdiction's standards must require the participating jurisdiction to determine the useful life of major systems through a capital needs assessment of the project. For rental housing, if the remaining useful life of one or more major system is less than the applicable period of affordability, the participating jurisdiction's standards must require the participating jurisdiction to ensure that a replacement reserve is established and monthly payments are made to the reserve that are adequate to repair or replace the systems as needed. For homeownership housing, the participating jurisdiction's standards must require, upon project completion, each of the major systems to have a remaining useful life for a minimum of 5 years or for such longer period specified by the participating jurisdiction, or the major systems must be rehabilitated or replaced as part of the rehabilitation work[2].

(3) **Lead-based Paint.** NMHC's standards must conform with HUD's lead-based paint requirements at 24 CFR part 35[3].

(4) **Disaster Mitigation (if applicable).** Require the property to meet the disaster mitigation requirements, e.g., housing to be improved to mitigate the impact of potential disasters (e.g., earthquake, hurricanes, flooding, and wildfires) in accordance with State and local codes, ordinances, and requirements[4] such as the 2018 International Building Code or most current building code adopted by the CNMI Department of Public Works Building Safety Office, zoning laws (note: zoning is currently applicable to Saipan only), International Energy Code, etc.

[1] **24 CFR 92.251(b)(1)(i)**
[2] **24 CFR 92.251(b)(1)(ii)**
[3] **24 CFR 92.251.(b)(1)(iii)**
[4] **24 CFR 982.251(b)(1)(vi)**

(5) **State and Local Codes, Ordinances, and Zoning Requirements.** NMHC's standards must require the housing to meet all applicable State and local codes, ordinances, and requirements in accordance to the 2018 International Building Code or most current building code adopted by the CNMI Department of Public Works Building Safety Office, zoning laws (note: zoning is currently applicable to Saipan only), International Energy Code, or, in the absence of a State or local building code, the International Building Code of the International Code Council[5].

(6) **Uniform Physical Conditions Standards.** NMHC's standards must reflect upon completion, the CDBG-DR-assisted project and units will be decent, safe, sanitary, and in good repair as described in 24 CFR 5.705. HUD will establish non-life threatening and minimum deficiencies that must be corrected under NMHC's standards based on inspectable items and inspected areas from HUD-prescribed physical inspection procedures (Uniform Physical Conditions Standards) pursuant to 24 CFR 5.705[6]. See Attachment B.

GENERAL NOTES:

1. **Scope Verification.** The contractor shall field verify locations, sizes, and quantities of work required for the project. Any quantities provided by NMHC need to be field verified for accuracy and exact installation requirements.

The contractor is responsible for coordinating with an in-house or third-party Architectural and Engineering (A&E) firm for their project design, proposal, and scope of work for review and certification as required.

2. **Tools, Material, and Equipment.** The contractor will supply all tools, materials, and equipment required to perform the Scope of Work unless otherwise specified.

3. **Permits, Inspections, and Testing.** Contractors and Subcontractors shall be responsible for all permits including but not limited to, the Saipan Zoning Board, the Bureau of Environmental and Coastal Quality (BECQ), and the Department of Public Works (DPW), inspections, testing, fees and licensing as pertaining to the law, ordinances, and regulations and as required to complete their respective Scopes of Work in this Agreement. The contractor shall pay for the entire cost of any remedial work resulting from a failed inspection.

4. **Taxes.** The contractor shall be responsible for all federal, state, and local taxes imposed directly or indirectly for its Services required to fill this Agreement.

5. **Insurance.** The contractor shall provide and maintain General Liability and Worker's Compensation insurance throughout the Term of this Agreement and Project duration. The contractor shall provide certificates of insurance or other acceptable evidence of insurance (i.e.,

[5] **24 CFR 92.251(b)(1)(vii)**
[6] **24 CFR 92.251(b)(1)(viii)**

payment and performance bond) in the amount of 100 percent of the rehabilitation contract sum upon execution of this Agreement.

6. **Clean-Up.** The contractor is responsible for daily cleanup of all areas where work is performed and disposal of debris.

NMHC PROJECT PROPOSAL STANDARD REQUIREMENTS:

a) Contractors and/or A&E firms are to conduct assessments of the client's existing home and property condition, existing home structural condition, existing plumbing and drainage system conditions, and existing electrical condition. The contractor and/or A&E firm will also need to verify the home's existing power pole drop line and water meter locations for planning purposes and reference in the scope of work development.

Also, the contractor will identify any potentially life-threatening conditions to include but not limited to:

- Lead-Based Paint
- Asbestos
- Mold
- Structural issues/failures

b) The contractor and/or A&E firm is responsible for securing as-built measurements of the home and project site for conversion to AutoCAD format for planning, layout renovation, and development of the rehabilitation scope of work.

c) Only contractors on NMHC's approved contractor listing are eligible to work on home grant clients' new or rehab home projects.

Note: Interested contractors not currently listed on NMHC's contractor listing must first submit all documents as listed on the request for qualifications notice to be added to the contractor listing and become eligible to work on housing projects.

d) The contractor is responsible for applying for all permits necessary for a new house construction proposal or renovation, extension, rehab project for a regular home or disability home project for the record.

e) The contractor is responsible for having all project design drawings reviewed and certified by a licensed A&E firm. The contractor will utilize the certified drawings to apply for the DPW Building Permit as required.

f) The contractor is responsible for complying with all DPW Building Safety Code requirements including but not limited to: inspections, report documentation, and testing reports throughout the

construction process for new, rehab, renovation home projects for regular home or disability home construction, extensions, or house conversions to disability home compliance projects.

g) The Contractor is responsible for gathering and maintaining all project records and documentation required by DPW for the issuance of the Certificate of Occupancy upon project completion. Copies of all reports are also to be submitted to NMHC.

h) The contractor is required to conduct a pre-final inspection of the project with the homeowner and NMHC officials, before final inspection with DPW Building Safety inspectors, to test all the building systems and finishing work.

i) Any major systems, as defined below, installed by the contractor shall have a warranty of no less than 5 years. Such warranty shall be stipulated on the rehabilitation contract between the contractor and the homeowner. Should it be determined at any time during the 5-year warranty period that a major system failure was a result of the work completed by the contractor then the contractor will be obligated to repair the failure.

j) All other rehabilitation work performed by the contractor shall have a warranty period of no less than 1 year, beginning on the date of the Certificate of Occupancy issued by the Department of Public Works. Such warranty shall be stipulated on the rehabilitation contract between the contractor and the homeowner.

Major systems as defined by 24 CFR 92.251(b)(1)(ii)] – Structural support; roofing; cladding and weatherproofing (e.g., windows, doors, gutters); plumbing; electrical; and heating, ventilation, and air conditioning.

ZONING REFERENCES AND REQUIREMENTS:

a) Contractors are required to apply for all zoning permit(s)/clearance(s) required for a home renovation or rehabbing project, including any new home extension projects. Contractors will need to ensure full compliance with all zoning setback requirements.

Example: For any extension in the front of the house, the extension should be 15' feet away from the front property line to the new front wall extension. For the left or right-side, the zoning setback requirements are 10' feet away from the boundary line to a new building wall extension. And for the rear setback, zoning requires 20' feet clearance away from the rear property line. Any failure to meet these requirements may result in the home client having to pay for zoning variance fees.

b) Zoning fencing setback requirements - For any proposed fencing for the front side of the house facing the road entry, the fence line should be two feet inward of the property line. For the left, right, and rear side setbacks, the requirement is one foot inward the property line.

c) Should a new septic tank and leaching field be required, the Zoning office setback requirements are a minimum of ten feet at any angle from the property line for both the septic tank and leaching field.

Note: New septic tanks should be constructed fifteen feet from the house. DEQ also has regulations on Septic tanks and leaching fields that need to be adhered to.

SITE WORK:

a) All debris including abandoned vehicles, scrap material, metal objects, trash, vegetation, and other objects that pose a safety and/or health threat, as determined by the local jurisdiction or person qualified to make such a determination, must be removed from the property before the start of construction.

b) Any identified lead-based paint hazards must be abated by the contractor per the guidelines outlined in 24 CFR 92.251(b)(1)(iii).

c) Any ground-level hazards i.e., potholes around the home must be backfilled to finish grade elevation to prevent tripping hazards.

d) If required, any existing boundary fencing around the house/project site that can be repaired must be restored to a safe condition. If the fencing poses safety and/or health hazard then it must be immediately removed from the project site.

Note: Repairing of an existing boundary fence does not alleviate the contractor from installing the required protective hoarding around the house/project site.

PEST CONTROL:

a) Termite control shall be applied by a reliable and licensed termite control company familiar with local soils and termite control conditions and licensed by the Division of Environmental Quality.

    1. The contractor shall apply for all permits necessary for pest treatment.

b) The contractor shall attain a certification of 2-year warranty and retreatment should ground nesting of termite occurs within the 2 years at no cost to the homeowner.

c) The contractor shall apply termite treatment for any new construction, renovation, rehab, and extension project as required.

FOUNDATIONS:

a) Footings will be designed for an assumed allowable soil bearing capacity of 3,000 PSI

b) All structural fill beneath footings and slab-on-grade shall be placed 12 inches thick on 8-inch maximum layers. Foundation Backfill will be compacted to 95% compaction maximum dry density.

c) Any soft spots encountered during excavation operations for foundations shall be over excavated till hard dirt limits, then backfilled with suitable material and properly compacted to 95%.

d) Compaction tests for the foundation shall be required and paid for by the homeowner if not included in the contract after receiving the compaction test result for the record. The tests must be performed by a licensed soil testing firm.

CONCRETE AND REINFORCEMENT:

1. All concrete shall develop a minimum compressive strength at the end of 28 days as follows:

• Foundation	3,000 PSI	Max slump	@4 inches
• Beams, Walls & Columns	3,000 PSI	Max Slump	@4 inches
• Suspended Roof Slab	3,000 PSI	Max Slump	@4 inches
• Slab on Grade	2,500 PSI	Max Slump	@5 inches
• Sidewalk / Pathway	2,000 PSI	Max Slump	@5 inches
• Driveway & Car Parking	3,000 PSI	Max Slump	@4 inches

Note: For a concrete flat rooftop on the middle portion, pour 7½" thick concrete slab, sloping to all corners of the house's downspouts or drainage passageways at 5" finish. A 2½" slope to be applied in the middle of the rooftop to prevent water ponding on the rooftop.

TESTING:

1. Compression Tests: All concrete placed for foundations, structural slabs, beams, and columns shall have a minimum of three cylinders taken for every 50 cubic yards of concrete placed or for any one concrete placement. Concrete cylinders shall be tested for compressive strength at a testing laboratory. Two compression tests shall be performed at 14 days and one compression test at 28 days for each set of three cylinders taken.
2. Slump tests @ 3"- 4": A slump test shall be taken in the presence of the architect or engineer for each batch of concrete delivered to the job site and shall be taken before placing any concrete. In the event a slump test fails, the entire batch of concrete shall be rejected, including removal of concrete already placed, without cost to the homeowner for the record.

3. Additional water to concrete mixture batch at the job site shall not be permitted.
4. All materials and workmanship shall conform with the 2018 International Building Code requirements for residential projects. All contractors must comply with the code for receiving the finished project's Certificate of Occupancy.

MAINTAIN MINIMUM CONCRETE COVERAGE FOR REINFORCING STEEL AS FOLLOWS:

1. For concrete cast against and permanently exposed to earth @ 3"
2. Concrete exposed to earth or weather no. 5 rebar or smaller @ 1 ½"
3. Concrete not exposed to earth or in contact with ground slabs & walls @ ¾"
4. Concrete not exposed to earth or in contact with beams & columns @ 1 ½"
5. Reinforcement of new walls and columns shall be dowelled to supporting footings, beams, columns and walls with bars of the same size and spacing as vertical and horizontal bars

STRIPPING OF FORMS AND SHORES:

1. For foundation forms, it can be removed after 24 hours after pouring curing time. For Walls and Columns forms, they should be removed after 48 hours minimum. For concrete roof beams and roof slabs, forms should be removed after 14 days minimum. All forms can be removed after 28 days of the date.
2. All concrete shall be kept moist for a minimum of 7 days immediately after placing by the use of wet burlap, fog spraying, curing compounds, and other approved methods an architect or engineer.
3. No heavy construction load is permitted more than 50% of the specified design load within the 28 days of concrete placement. In cases, do not overload more than the specified design load after the 28 days of placement. No concentrated load is permitted except over supporting columns and walls.

CONCRETE BLOCK WALL:

1. Masonry units shall have a factory's minimum compressive strength of 1,000 PSI.
2. Masonry units shall be sound, dry, clean, and free from cracks when placed in the structure.
3. Where masonry unit cutting is necessary, all work should be neat and true.
4. The maximum aggregate size shall be 3/8" for pouring CMU block cells.
5. Concrete block units shall be laid in the common bond pattern unless otherwise shown.
6. For wall thickness 4", 6" and 8", use No. 4 vertical rebars @ 16" on center typical.

7. Horizontal bars are placed at every two layers of blocks all around w/No.3 rebars typical.
8. For all corner walls, vertical bars install three No.5 vertical rebars on each side from the corner out @2' feet typical.
9. For all intersection walls, vertical bars install four No.5 vertical rebars one in center of T and one on each side out @2' feet typical.
10. For all end walls install two No.4 vertical bars w/No.3 bars C-ties @ 12" O.C. typical.

Note: Any new door or window to be opened up on an existing concrete house wall, construct a new lintel beam at 12" out from each side on top by 8" height by wall thickness typical and new 4" thick concrete sidings on both sides of window edging typically for door openings.

11. "Dur-O-Wal" reinforcement shall be continuous around all walls, corners, and intersections and shall lap @ 12" minimum splicing for all vertical rebar extension for all walls to roof beam level as required.
12. All CMU block cells shall be solidly filled with cement grout. Grout all cells below slab on grade. Typical unless noted otherwise.
13. When plastering roof beams and columns. Apply concrete bonding into your cement mixture and paintbrush the portions before plastering.
14. Any hollow sound on existing and newly plastered walls found on walls to be chipped removed out and re-plaster all hollow walls detected to its solid sound plaster condition.

Note: To be inspected and verified for approval for the record.

15. For painted finish. Apply muriatic acid on newly plastered walls. Wash down, dry up before applying two primer coats on newly plastered walls, and then apply two coated final painting finish. For existing concrete wall paint scrape and water blast all bubbling peeling out paint on walls, ceilings, etc. Apply one primer coat on existing dirty/stained washed walls before applying its new final paint color.
16. Any hollow sound on the existing floor, wall and counter ceramics, chip out and remove. Install new floor, wall, and counter ceramic with no hollow sound on the ceramic finishing work.

Note: To be inspected and verified for approval for the record.

CONCRETE WALL AND CONCRETE ROOF STRUCTURE EXTENSION:

a) For rehabbing an existing semi-concrete house to construct a new concrete roof structure on top, the contractor will construct new 8"x12" concrete columns with a 10" thick foundation concrete

pouring by 30" square column footings. If the existing house is longer than 20', the contractor will construct another new column in between or in the middle for more structural support. The specifications are only for a house renovation with concrete roof ceiling height at 8' to 9' flooring finish to roof ceiling finish. For a 10' roof ceiling or over, the contractor will construct a 12"x12" size concrete columns for all with a 10" thick concrete pouring by 36" square column footings. Rebar sizes are standard sizes approved from its building permit plans as specified. See construction drawings for rebar sizes and dimensions.

Note: To refurbish/renovate a damaged roof on an existing semi-concrete house, replacing or repairing a tin roof will not be accepted as a rehab project. All eligible applicants must have their rooftop converted solid concrete mitigate any future disasters as outlined in 24 CFR 92.251(b)(1)(vi) and to comply with the rehab program requirement for homeowner insurance.

Note: The existing CMU walls to be used as existing concrete wall partitions. Do Not depend on the existing wall as wall bearing walls for the record. It will only serve as a non-bearing wall. The new concrete columns are designed to carry the new 5" thick concrete roof slab with new 17"x8" or 10" concrete roof beams that are specified in the structural construction drawings for the record.

PLUMBING STANDARD NOTES:

1. Install a new ¾" ball valve at the existing CUC water meter box facing the house. Secure with cover level to the existing grade. (For emergency shut off valve).
2. Run a new ¾" PVC cold water line into the house project. (Following the Plumbing Floor Plans and Specifications).
3. For cold water lines, use PVC water pipes and for hot water lines, use CPVC water pipes.
4. For the waste line, use ABS pipes for all drainage waste line.
5. Make sure that the electric water heater has a Pressure Relief valve down at 12" above ground level. This is to ensure that should the water heater tank be over-pressured; the valve opens to relieve the pressure in the tank and prevent tank explosion.
6. Check slopes of waste/soil lines. Pipping below 3" diameter shall be sloped at ¼" per foot. Piping over 3" shall be sloped at 1/8" per foot for the proper sloping waste line to the septic tank as required in the plumbing code.
7. Lay new water lines higher than sewer/waste lines to prevent contamination. Provide sand cushion around any plumbing piping. Keep water lines away from soil/sewer lines if in the same trench by at least 24".
8. Install new air chambers for all fixture supply piping. Use 18" air chamber, one size larger than branch piping.
9. Testing of water lines pressures for 100 PSI for one hour without any drop in water pressure. Retest all leaky joints. Submit all test results together with the rest of the closing reports.

10. Static testing of waste lines and vent lines to 10' static head for at least one hour. Retest all leaky joints when detected until it has no more leak for the record. Submit all test results together with the rest of the closing reports.
11. Always check that the flow of the waste/soil lines is correct. The vent line is directed to the rooftop at 18" above the roofline. For sewer line, use long sweep elbow or tee.
12. Whenever a water closet is installed, make sure there is a minimum 2" vent thru roof at 18" above the rooftop.
13. Provide floor drains on 2nd or higher floors for housekeeping.
14. Clearwater lines and waste lines away from foundation footings, columns, and beams.
15. Do not install/embed water lines in concrete. Provide piping chase or sleeves.
16. Provide shut off valves at strategic points in the water lines.
17. For propane gas lines, use galvanized piping for LPG gas lines. Encased LPG piping in PVC piping, if piping is installed underground. Use a One bigger size PVC pipe to sleeve the galvanized pipe inside before pouring under the slab.
18. Always provide strap around water heaters, gas tanks to prevent it from moving during an earthquake.
19. Provide cushion sleeves around any piping penetrating through concrete walls and floors.
20. Provide 36" standpipe for washer and P-trap shall be above ground readily accessible. Do not install P-trap under the ground.
21. Provide P-traps for floor drains, shower drains, kitchen sinks, and lavatories.
22. Provide ground or floor cleanouts at every 50'. Provide cleanouts to every angle as required in the plumbing code for preventive maintenance.
23. Do not install sewer lines in the same trench as water lines. Where there is crossing, concrete encase the sewer line 10' at 10" around the line to the end of crossing. Sewer lines should be always located deeper than the water lines in a trench.
24. For a long stretch of hot water piping lines, provide a loop comprising of elbows to offset expansion for safety purposes.
25. Provide 2" high overflow piping above a flat rooftop in addition to roof drains.
26. Provide supports for piping under slabs.
27. Provide vent piping 10' away horizontally from any window or door. Preferably, install a vent to terminate above the roof at 18" above finish rooftop.
28. The contractor shall be responsible for chipping existing concrete floors and walls to install new plumbing piping. The contractor is responsible also to restore floor slabs and walls to the original

condition. These are part of the rehab and renovation work process. All extra work shall not be an additional cost to the homeowner. Everything should be included in the contract.

29. Standard sizes for water, soil/waste, and vent lines for each fixture are as follows:

Fixture:	Cold Water:	Hot Water:	Soil/Waste:	Vent:
Floor Drain			2" ABS	2" ABS
Water Closet	½" PVC		3" or 4" ABS	2" ABS
Urinal	¾" PVC		2" ABS	2" ABS
Kitchen Sink	½" PVC	½" CPVC	2" ABS	2" ABS
Lavatory	½" PVC	½" CPVC	2" ABS	2" ABS
Shower	½" PVC	½" CPVC	2" ABS	2" ABS
Dirty Kitchen Sink	½" PVC	½" CPVC	2" ABS	2" ABS

Note: Always tighten, secure, brace, and clamp all wall-mounted fixtures properly. Provide concrete splash boxes for drainage downspouts.

ELECTRICAL STANDARD NOTES:

1. The contractor is responsible for obtaining permits for temporary power hook up including applying and paying hookup and monthly use fees for their use for the project without cost to homeowners for the record.
2. GFCI outlets to be installed in any kitchen counter at 4' min. away from the sink.
3. Use the GFCI outlet for the restroom wall outlet. Do not use a regular outlet.
4. Use the GFCI outlet for the outside wall outlet with a weatherproof cover typical.
5. Design for outlets should be limited to 8 outlets for a 20-amp single pole breaker.
6. Design for lights should be limited to 8 lights for a 20-amp single pole breaker.
7. Provide at least one outlet in the hallway for housekeeping use.
8. Installing new electrical boxes shall include an adapter, lock nut, and bushing. Bushing shall be insulated.
9. The service entrance conduit shall be galvanized steel per CUC requirements.
10. Conduits underground shall be PVC.
11. For any exposed conduits it shall be a rigid aluminum or galvanized steel.
12. Conduits inside building in-ceiling or exposed may be electrical metallic tubing-EMT.
13. Minimum size for homerun shall be ¾" conduit for easy pulling.

14. For computer circuits, make sure the ground wire is isolated.
15. All power circuit conduit shall have ground wire.
16. Follow electrical wires standard color-coding per National Electrical Code. For residential rehab, projects shall be a 120/240 Volt system, 1 phase:

Phase A-color Black Phase B-color Red Neutral color: White Ground color: Green

Note: The neutral and grounding colors shall be the correct color wire throughout without any exception. Avoid color coding with electrical tape. Electrical hazard.

17. Splicing shall be the plastic pressure type connectors. For larger wires, splicing shall be terminal lugs type.
18. Any conduit crossing roadways or in traffic areas shall be embedded in concrete, or located per NEC. The minimum conduit depth is 18" to top of the conduit.
19. Separate communications conduits from power conduits by at least 12" laterally. The minimum conduit size shall be ¾" conduit. Provide pull wire in every empty communications conduit extending 12" at both ends for computer and TV. line connections.
20. Contractor to coordinate with telephone/internet company to seek the advice of where hand holes or access panels may be located for ease of pulling and service.
21. Be sure to apply rust spray paint to all electrical boxes before embedding them in concrete.
22. Position outlets on a horizontal orientation.
23. Where to put new light switches, place them right after opening a door on the closest wall at 4' height typical.
24. Light switches to be set on a vertical position at 4' height center of electrical boxes.
25. Conduits underground outside the house building shall have warning tape at 12" below grade.
26. Maximum bends in conduits shall be limited to three (3).
27. Standard Breaker amp size and its proper wire size use to prevent power shortage and fire for health and safety measures.
28. For reference, a 20-amp circuit breaker has a total of 1,920 Watts.
29. For a single-pole 20-amp circuit breaker, use No. 12 solid wires. Separate outlets and lights circuit breaker switch.
30. Use No. 12 solid wires for receptacle outlets. A limit of 8-outlets per 20-amp single pole circuit breaker switch.

31. Use No. 12 solid wires for light fixtures. A limit of 8-lights per 20amp single pole circuit breaker switch.
32. Use a 20-amp single pole circuit breaker with a No. 12 solid wire. For 110 volts air conditioning separately, use a ½" electrical conduit from the panel box to outlet location.
33. Use a 30-amp double pole circuit breaker with a No. 10 solid wire. For 220 volts air conditioning separately, use a ¾" electrical conduit from the panel box to the outlet location
34. Use a 50-amp double pole circuit breaker with No. 6 stranded wires in a 1" electrical conduit for electrical range.
35. Use a 20-amp single pole circuit breaker with a No. 12 solid wire. For a refrigerator separately, use a ½" electrical conduit from the panel box to outlet location.
36. Use a 20-amp single pole circuit breaker with a No. 12 solid wire, for computer station separately, use a ½" electrical conduit from the panel box to outlet location.
37. Use a 30-amp double pole circuit breaker with a No. 10 solid wire. For 220 volts Electric Water Heater separately, use a ¾" electrical conduit from the panel box to outlet location.
38. For reference information, using a 100amp double pole circuit breaker use a # 2 wire.
39. A 125-amp double pole circuit breaker uses a # 1 wire.
40. A 150-amp double pole circuit breaker uses a # 1/0 wire.
41. A 175-amp double pole circuit breaker uses a # 2/0 wire.
42. A 200-amp double pole circuit breaker uses a # 3/0 wire.
43. Make sure any electrical splicing to be connected uses an electrical connector, not electrical tape.
44. Make sure to tighten all loose connections properly.
45. Provide 4" high concrete pad for mounting an electrical water heater equipment. Allow for 4" extra distance on the width and length of the water heater.
46. Exposed conduits in exposed areas shall be painted to match the adjacent wall finish.
47. All equipment and disconnect switch in weather shall be sealed waterproof.
48. All testing work shall be performed by the contractor and the contractor shall pay for all water, fuel, electricity, instrument, and personal.
49. The contractor shall submit a written guarantee certificate warranting all materials and workmanship free of defects for one year from the date of acceptance.
50. The contractor must submit As-Built drawings of the electrical system after project along with Certificate of Occupancy

ELECTRICAL MOUNTING HEIGHT REQUIREMENTS FOR ELECTRICAL:

1.	Meter Box Height	5'-6" from finish grade to center of the meter box
2.	Panel Box Height	5'-0" from finish floor to top of the panel box
3.	Light Switches Height	48" from finish floor to center of the elect. Box
4.	Outlet Height	12" from fin. floor, for ADA outlet height 15"- 48"
5.	Fire Alarm Height	5'- 6" from finish floor to center of the pull box
6.	Fire Alarm Horn/Bell Height	7'- 6" from finish floor to center of the box
7.	Disconnect Switch	5'- 6" from finish floor to the center of the box

ELECTRICAL GENERAL NOTES:

1. All electrical work shall be per the applicable sections of the National Electrical Code (NEC) latest edition, and the rules and regulations of the Dept. of Public Works and the Commonwealth Utilities Corporation.
2. All equipment and materials shall be UL listed where the listing is available for that type of equipment or conform to ANSI or NEMA standards.
3. Workmanship shall conform to the construction practices recommended by the American Electricians, Handbook by Croft, and shall be subject to the approval of the agency who has jurisdiction and the electrical engineer.
4. Conduit shall be EMT (indoor dry) locations concealed above ground, rigid aluminum (exposed installations, PVC (underfloor slab or grade, and inside concrete). Flexible conduit shall be jacketed type and per NEC 350.
5. Wiring shall be typed THWN, THW, XHHN, 600 volts. The conductor shall be copper.
6. Minimum size conduit shall be ½" inch diameter unless otherwise noted; minimum wire size shall be #12 AWG. Do Not Use #14 wires.
7. Electrical work shall be under the full supervision of a master electrician or a professional electrical engineer licensed to practice in the CNMI.
8. Panelboard shall be complete with bus bars, enclosure trim, molded case circuit breakers, bolt-on type branch circuit breakers, grounding, and neutral terminal lugs, panel board director, and keys. The laminated nameplate shall be provided on the front cover of the panel board or transformer.
9. All electrical devices and equipment exposed to weather shall be weatherproof.

10. Any device may be relocated within 10' of the location shown in the plans subject to the direction by the electrical engineer. Any such relocation shall be performed without additional cost to the homeowner.

11. The electrical contractor shall coordinate with a mechanical contractor for exact locations of water lines and waste lines before rough-in work.

12. Grounding:

    a. Metallic enclosures, raceways, and electrical shall be grounded per NEC 250. Provide green ground wire in every raceway per NEC Table 250-95.

    b. Grounding connection of the grounded circuit conductor (Neutral) shall be made only at the service disconnection means per NEC 250-23(a). Grounding on the neutral shall not be made on the load side of the service disconnect. The neutral shall not be made on the load side of the service disconnect. The neutral conductor shall be insulated from all equipment enclosures or any grounded parts. Bonding of the neutral bus to the ground bus in sub-panels shall be removed.

13. The electrical panel board and main switchboard, power meter box shall be furnished completely assembled from the factory.

14. Contractor to provide all labor, materials, equipment, tools, and all necessary materials including wire connectors, tapes, markers, etc. to accomplish the work shown in the plans. The cost of permits shall be the contractor's responsibility.

15. Minimum service clearance in front of the main switchboard shall be 4'.

16. Testing: Operation, Insulation Resistance, Grounding Tests.

FINISH MATERIAL STANDARDS:

Flooring Standards:

(a) For the living room, dining room, kitchen room, hallways, and bedrooms floor, the finish is to be plastered level with a vinyl tile or ceramic tile finish (depending on cost and durability).

(b) For the standard restroom floor finishing, to be a ceramic finish with white cement grouted finish. The restroom floor ceramic must be approved nonslip type of ceramic finish.

Note: Ceramic color should be the client's choice of ceramic color on the contractor's approved standard min. ceramic size.

(c) For all concrete stoops, landings and sidewalks floor finish, to be plastered sweep finish and for the carport, floor finish to be plastered fine finish.

Note: Plaster the sides of the concrete sidewalks, landings, ramps, and garage floorings.

Door Standards:

(a) For the exterior front entry door, use a 1¾" thick x 36"x 6'-8" solid core decorative door with heavy-duty door hinges, regular doorknob, deadbolt with keys, painted varnish finish, and door bottom with threshold and a door stopper on the back.

Note: Use a lever-type doorknob for a disability or elderly rehab home project.

(b) For any exterior exit door, use a 1¾" thick x 32"x 6'-8" min. regular solid core door with heavy-duty door hinges, regular doorknob with a deadbolt, painted varnish finish, and door bottom with threshold and a door stopper on the back.

Note: For disability or elderly rehab home project, use a lever type door knob with keys and a 36" size regular solid core door.

(c) For bedroom doors, use a 1½" thick x 36", 34", 32", or 30"x 6'-8" min. regular hollow-core door with light-duty door hinges and regular doorknob w/no key type and door painted with a varnish finish and a door stopper installed on the back.

(d) Aluminum Typhoon Shutters. Homeowners may include if the rehabilitation budget is sufficient, the installation of aluminum typhoon shutters on the exterior main entrance and rear exit doors of the housing unit.

- Typhoon shutters must be accordion-type with lock and key.
- Use 3"x1/4" screws to bolt the typhoon shutters to the concrete wall. The minimum number of screws is 3 per side.

Note: For a disability rehab home project, use a lever type door knob with keys only on 36" door size.

Window Standards:

(a) Living room window min. size 4'x4' sliding glass window with a ¼" thick safety tempered glass with aluminum frame. 4 screws on each side.
(b) Kitchen window min. size 3'x3' sliding glass window with a ¼" thick safety tempered glass window with aluminum frame. 3 screws on each side.
(c) Dining room window min. size 3'x4' Height with a ¼" thick safety tempered sliding glass window with aluminum frame. 3 screws on each side and 4 screws each on top and bottom.
(d) Bedroom window must have at least one set 4'x4' sliding glass window (For egress, in case of fire) with a ¼" thick safety tempered glass window with aluminum frame. 4 screws on each side.
(e) Restroom window min. standard size. 2'x2' sliding glass window with a ¼" thick safety tempered glass window with aluminum frame. 2 screws on each side.
(f) Seal all window edgings inside and outside
(g) All windows shall also include window screens
(h) Frame Color to be Clients choice of color

(i) Install new typhoon metal brackets at the outside walls for all windows w/painted finish
(j) Use 3"x1/4" screws to bolt the sliding windows to the concrete wall. The minimum number of screws per window is mentioned above.
(k) Aluminum Typhoon Shutters. Homeowners may include if the rehabilitation budget is sufficient, the installation of aluminum typhoon shutters on all housing unit windows.

- Typhoon shutters must be accordion-type with lock and key.
- Use 3"x1/4" screws to bolt the typhoon shutters to the concrete wall. The minimum number of screws is 3 per side.

Note: All aluminum typhoon shutters shall meet or exceed the wind rating outlined in the 2018 International Building Code (IBC) and the Tropical Energy Code.

Faucet Standards:

(a) Kitchen Sink Faucet to be a regular faucet type.

Note: For disability or elderly Rehab Home Project to be a lever faucet set type.

(b) Restroom Lavatory Sink Faucet to be a regular faucet type.

Note: For disability or elderly Rehab Home Project to be a lever faucet set type.

Regular and Disability Rehab Home Projects Standard Finishes:

(a) For disability, concrete sidewalk & landing size requirements. Concrete sidewalk width 36" min. and for landing size 5' sq. no less.

Note: Sidewalks and landings that are higher than 7" above existing grade during rehab work, requires all sides to be backfilled at 4" finish grade at 1' level and slope out at 4' on both sides to existing grade elevation, otherwise install new aluminum hand railings within 33" to 36" height along the hazard sidewalk, ramps and landings pathway.

Note: For regular rehab home projects sidewalks, same at 36" and for landing 36" sq. is allowable.

(b) For the front entry and exit doors outside, construct a 5' sq. concrete stoop floor landing at ½" lower from the finished house floor elevation.
(c) The restroom floor elevation should be ½" lower from the inside house flooring. Also, for the shower room flooring is ½" lower than the restroom flooring as required.
(d) Install hand railings along any sidewalks or pathways and landings that are higher than 7" above finish grade.
(e) Construct a new concrete ramp at a ratio of 1" drop = 1' slope.

(f) Install smoke alarms in bedrooms and hallways as required by Building Safety Code. Smoke alarms must be hard-wired smoke alarms and that the smoke alarms are interconnected.
(g) Install water sprinklers with warning fire light signals for impairment of client individuals only.
(h) In designing a new rehab disability home layout extension or for reconstructed disability house floor plan design, consider a 3' clear passage for a wheelchair to maneuver from the entry of the house to the inside of the house. Ensure that in your design layout, take into consideration the furniture space in planning for wheelchair accessibility, through bedrooms, restroom(s), living room, kitchen, dining, and for exiting the exit door to the outside of the house with no hazards along for emergency purposes as required.
(i) Disability lavatory height should be set at 34" maximum.
(j) disability water closet height from the finished floor to the toilet seat is within 17" to 19". Note: For regular standard toilet height is 15" from the finished floor to the toilet seat.
(k) Install a new 2' ADA grab bars on the back of ADA toilet centered, 2' length on shower faucet wall and 42" on the side shower wall at height within 33" to 36".
(l) Install ADA medicine cabinet at 40" from the finished floor to the bottom of the medicine cabinet.

Note: For regular standard medicine cabinet height is 64" from the finished floor to center of the medicine cabinet.

(m) Install a towel hanging bar within 36" to 48" for disability or regular restroom.
(n) Install a toilet paper holder to the nearest wall at 19" above the finished floor and a maximum of 36" from the rear wall.
(o) Rehab finishing projects paint colors to be the home client's choice of paint color for all paint finishing work.

All technical reference information applies to all building systems standard needs for new house construction, rehabilitation project, renovation project and house conversion to disability home compliance project that meet all current CNMI local building code regulations and meet Housing Quality Standards (HQS) and Uniform Physical Condition Standards (UPCS) requirements.

The HUD CPD Green Building Retrofit Checklist will also be included in the rehabilitation standards (Attachment A). "CPD recognizes that not all elements of the checklist will be applicable in all climates and geographies. Because of this, CPD will consider exceptions to these standards based on climate or geography, if a grantee identifies the specific standards that aren't applicable, including offering alternatives if available, and CPD's Office of Environment and Energy accepts the grantee's request."

Other building systems may be accepted provided that they meet or exceed the standards mentioned above. Third-party certifications or specific standard testing methods are required to substantiate or validate the claims.

Attachment A:

HUD CPD Green Building Retrofit Checklist

The CPD Green Retrofit Checklist promotes energy efficiency and green building practices for residential retrofit projects. Grantees must follow the checklist in its entirety and apply all measures within the Checklist to the extent applicable to the particular building type being retrofitted. The phrase "when replacing" in the Checklist refers to the mandatory replacement with specified green improvements, products, and fixtures only when replacing those systems during the normal course of the retrofit.

Note: CPD recognizes that not all elements of the checklist will be applicable in all climates and geographies. Because of this, CPD will consider exceptions to these standards based on climate or geography, if a grantee identifies the specific standards that aren't applicable, including offering alternatives if available, and CPD's Office of Environment and Energy accepts the grantee's request.

WATER AND ENERGY CONSERVATION MEASURES

☐ **Water-Conserving Fixtures**
Install or retrofit water conserving fixtures in any unit and common facility, use the following specifications: Toilets-- 1.28 gpf; Urinals-- 0.5 gpf; Showerheads-- 2.0 gpm; Kitchen faucets-- 2.0 gpm; and Bathroom faucets-- 1.5gpm. [gpf = gallons per flush; gpm = gallons per minute]

☐ **ENERGY STAR Appliances**
Install ENERGY STAR-labeled clothes washers, dishwashers, and refrigerators, if these appliance categories are provided in units or common areas.

☐ **Air Sealing: Building Envelope**
Seal all accessible gaps and penetrations in the building envelope. If applicable, use low VOC caulk or foam.

☐ **Insulation: Attic** (if applicable to building type)
For attics with closed floor cavities directly above the conditioned space, blow in insulation per manufacturer's specifications to a minimum density of 3.5 Lbs. per cubic foot (CF). For attics with open floor cavities directly above the conditioned space, install insulation to meet or exceed IECC levels.

☐ **Insulation: Flooring** (if applicable to building type)
Install ≥ R-19 insulation in contact with the subfloor in buildings with floor systems over vented crawl spaces. Install a 6-mil vapor barrier in contact with 100% of the floor of the crawl space (the ground), overlapping seams and piers at least 6 inches.

☐ **Duct Sealing** (if applicable to building type)

In buildings with ducted forced-air heating and cooling systems, seal all penetrations of the air distribution system to reduce leakage in order to meet or exceed ENERGY STAR for Homes' duct leakage standard.

☐ **Air Barrier System**
Ensure continuous unbroken air barrier surrounding all conditioned space and dwelling units. Align insulation completely and continuously with the air barrier.

☐ **Radiant Barriers: Roofing**
When replacing or making a substantial repair to the roof, use radiant barrier sheathing or other radiant barrier material; if economically feasible, also use cool roofing materials.

☐ **Windows**
When replacing windows, install geographically appropriate ENERGY STAR rated windows.

☐ **Sizing of Heating and Cooling Equipment**
When replacing, size heating and cooling equipment in accordance with the Air Conditioning Contractors of America (ACCA) Manuals, Parts J and S, or 2012 ASHRAE Handbook--HVAC Systems and Equipment or most recent edition.

☐ **Domestic Hot Water Systems**
When replacing domestic water heating system(s), ensure the system(s) meet or exceed the efficiency requirements of ENERGY STAR for Homes' Reference Design. Insulate pipes by at least R-4.

☐ **Efficient Lighting: Interior Units**
Follow the guidance appropriate for the project type: install the ENERGY STAR Advanced Lighting Package (ALP); ***OR*** follow the ENERGY STAR MFHR program guidelines, which require that 80% of installed lighting fixtures within units must be ENERGY STAR-qualified or have ENERGY STAR-qualified lamps installed; ***OR*** when replacing, new fixtures and ceiling fans must meet or exceed ENERGY STAR efficiency levels.

☐ **Efficient Lighting: Common Areas and Emergency Lighting** (if applicable to building type)
Follow the guidance appropriate for the project type: use ENERGY STAR-labeled fixtures or any equivalent high-performance lighting fixtures and bulbs in all common areas; ***OR*** when replacing, new common space and emergency lighting fixtures must meet or exceed ENERGY STAR efficiency levels. For emergency lighting, if installing new or replacing, all exist signs shall meet or exceed LED efficiency levels and conform to local building codes.

☐ **Efficient Lighting: Exterior**
Follow the guidance appropriate for the project type: install ENERGY STAR-qualified fixtures or LEDs with a minimum efficacy of 45 lumens/watt; ***OR*** follow the ENERGY STAR MFHR program guidelines, which require that 80% of outdoor lighting fixtures must be ENERGY STAR-qualified or have ENERGY STAR-qualified lamps installed; ***OR*** when replacing, install ENERGY STAR compact fluorescents or LEDs with a minimum efficacy of 45 lumens/watt.

INDOOR AIR QUALITY

☐ **Air Ventilation: Single Family and Multifamily** (three stories or fewer)
Install an in-unit ventilation system capable of providing adequate fresh air per ASHRAE 62.2 requirements.

☐ **Air Ventilation: Multifamily** (four stories or more)
Install apartment ventilation systems that satisfy ASHRAE 62.2 for all dwelling units and common area ventilation systems that satisfy ASHRAE 62.1 requirements. If economically feasible, consider heat/energy recovery for 100% of corridor air supply.

☐ **Composite Wood Products that Emit Low/No Formaldehyde**
Composite wood products must be certified compliant with California 93120. If using a composite wood product that does not comply with California 93120, all exposed edges and sides must be sealed with low-VOC sealants.

☐ **Environmentally Preferable Flooring**
When replacing flooring, use environmentally preferable flooring, including the FloorScore certification. Any carpet products used must meet the Carpet and Rug Institute's Green Label or Green Label Plus certification for carpet, pad, and carpet adhesives.

☐ **Low/No VOC Paints and Primers**
All interior paints and primers must be less than or equal to the following VOC levels: Flats--50 g/L; Non-flats--50 g/L; Floor--100 g/L. [g/L = grams per liter; levels are based on a combination of the Master Painters Institute (MPI) and GreenSeal standards.]

☐ **Low/No VOC Adhesives and Sealants**
All adhesives must comply with Rule 1168 of the South Coast Air Quality Management District. All caulks and sealants must comply with regulation 8, rule 51, of the Bay Area Air Quality Management District.

☐ **Clothes Dryer Exhaust**
Vent clothes dryers directly to the outdoors using rigid-type duct work.

☐ **Mold Inspection and Remediation**
Inspect the interior and exterior of the building for evidence of moisture problems. Document the extent and location of the problems, and implement the proposed repairs according to the Moisture section of the EPA Healthy Indoor Environment Protocols for Home Energy Upgrades.

☐ **Combustion Equipment**
When installing new space and water-heating equipment, specify power-vented or direct vent combustion equipment.

☐ **Mold Prevention: Water Heaters**
Provide adequate drainage for water heaters that includes drains or catch pans with drains piped to the exterior of the dwelling.

☐ **Mold Prevention: Surfaces**
When replacing or repairing bathrooms, kitchens, and laundry rooms, use materials that have durable, cleanable surfaces.

☐ **Mold Prevention: Tub and Shower Enclosures**
When replacing or repairing tub and/or shower enclosures, use non-paper-faced backing materials such as cement board, fiber cement board, or equivalent in bathrooms.

☐ **Integrated Pest Management**
Seal all wall, floor, and joint penetrations with low-VOC caulking or other appropriate sealing methods to prevent pest entry. [If applicable, provide training to multifamily buildings staff.]

☐ **Lead-Safe Work Practices**
For properties built before 1978, if the project will involve disturbing painted surfaces or cleaning up lead contaminated dust or soil, use certified renovation or lead abatement contractors and workers using lead-safe work practices and clearance examinations consistent with the more stringent of EPA's Renovation, Repair, and Painting Rule and HUD's Lead Safe Housing Rule.

☐ **Radon Testing and Mitigation** (if applicable based on building location)
For buildings in EPA Radon Zone 1 or 2, test for radon using the current edition of American Association of Radon Scientists and Technologists (AARST)'s Protocols for Radon Measurement in Homes Standard for Single-Family Housing or Duplexes, or AARST's Protocol for Conducting Radon and Radon Decay Product Measurements in Multifamily Buildings. To install radon mitigation systems in buildings with radon level of 4 pCi/L or more, use ASTM E 2121 for single-family housing or duplexes, or AARST's Radon Mitigation Standards for Multifamily Buildings. For new construction, use AARST's Reducing Radon in New Construction of 1 & 2 Family Dwellings and Townhouses, or ASTM E 1465.

Attachment B: Uniform Physical Condition Standards for Single Family Housing Rehabilitation – Requirements for Site

Inspectable Item	Observable Deficiency	Type and Degree of Deficiency That Must Be Addressed
Fencing and Gates	Damaged/Failing/Leaning	
	Holes	
	Missing Sections	
Grounds	Erosion/Rutting Areas	

	Overgrown/Penetrating Vegetation	
	Ponding/Site Drainage (affecting unit)	
Health and Safety	Air Quality – Sewer Odor Detected	
	Air Quality – Propane/Natural Gas/Methane Gas Detected	
	Electrical Hazards – Exposed Wires/Open Panels	
	Electrical Hazards – Water Leaks on/near Electrical Equipment	
	Flammable Materials – Improperly Stored	
	Garbage and Debris – Outdoors	
	Play Equipment – Broken or Damaged	
	Hazards – Other (e.g., outbuildings)	
	Hazards – Sharp Edges	
	Hazards – Tripping	
	Infestation – Insects	
	Infestation – Rats/Mice/Vermin	
Mailboxes/Project Signs	Mailbox Missing/Damaged	
	Signs Damaged	
Driveways	Cracks	
	Potholes/Loose Material	
	Settlement/Heaving	
Retaining Walls	Damaged/Falling/Leaning	
Storm Drainage	Damaged/Obstructed	
Walkways/Steps	Broken/Missing Hand Railing	
	Cracks/Settlement/Heaving	
	Spalling	

Attachment B: Uniform Physical Condition Standards for Single Family Housing Rehabilitation – Requirements for Site

Inspectable Item	Observable Deficiency	Type and Degree of Deficiency That Must Be Addressed
Doors	Damaged Frames/Threshold/Lintels/ Trim	
	Damaged Hardware/Locks	
	Damaged Surface (Holes/Paint/Rusting/Glass)	
	Damaged/Missing Screen/Storm/Security Door	
	Deteriorated/Missing Caulking/Seals	
	Missing Door	
Foundations	Cracks/Gaps Spalling/Exposed Rebar	
	Cracks/Gaps Spalling/Exposed Rebar	
Health and Safety	Electrical Hazards – Exposed Wires/Open Panels	
	Electrical Hazards – Water Leaks on/near Electrical Equipment	
	Flammable/Combustible Materials – Improperly Stored	
	Garbage and Debris – Outdoors	
	Hazards – Other	
	Hazards – Sharp Edges	
	Hazards – Tripping	
	Infestation – Insects	
	Infestation – Rats/Mice Vermin	
Lighting	Broken Fixtures/Bulbs	
Roofs	Damaged Soffits/Fascia	
	Damaged Vents	
	Damaged/Clogged Drains	

	Damaged/Torn Membrane/Missing Ballast	
	Missing/Damaged Components from	
	Downspout/Gutter	
	Ponding	
Walls	Cracks/Gaps	
	Damaged Chimneys	
	Missing/Damaged Caulking/Mortar	
	Missing Pieces/Holes/Spalling	
	Stained/Peeling/Needs Paint	
Windows	Broken/Missing/Cracked Panes	
	Damaged Sills/Frames/Lintels/Trim	
	Damaged/Missing Screens	
	Missing/Deteriorated Caulking/Seals/Glazing Compound	
	Peeling/Needs Paint	
	Security Bars Prevent Egress	

Attachment B: Uniform Physical Condition Standards for Single Family Housing Rehabilitation – Requirements for Site

Inspectable Item	**Observable Deficiency**	**Type and Degree of Deficiency That Must Be Addressed**
Bathroom	Bathroom Cabinets - Damaged/Missing	
	Lavatory Sink - Damaged/Missing	
	Plumbing - Clogged Drains	
	Plumbing - Leaking Faucet/Pipes	
	Shower/Tub - Damaged/Missing	
	Ventilation/Exhaust System – Inoperable (if applicable	
	Water Closet/Toilet - Damaged/Clogged/Missing	

Ceiling	Bulging/Buckling	
	Holes/Missing Tiles/Panels/Cracks	
	Peeling/Needs Paint	
	Water Stains/Water Damage/Mold/Mildew	
Doors	Damaged Frames/Threshold/Lintels/Trim	
	Damaged Hardware/Locks	
	Damaged/Missing Screen/Storm/Security Door	
	Damaged Surface - Holes/Paint/Rusting/Glass	
	Deteriorated/Missing Seals (Entry Only)	
	Missing Door	
Electrical System	Blocked Access to Electrical Panel	
	Burnt Breakers	
	Evidence of Leaks/Corrosion	
	Frayed Wiring	
	GFI - Inoperable	
	Missing Breakers/Fuses	
	Missing Covers	
Floors	Bulging/Buckling	
	Floor Covering Damage	
	Missing Flooring Tiles	
	Peeling/Needs Paint	
	Rot/Deteriorated Subfloor	
	Water Stains/Water Damage/Mold/Mildew	
Health and Safety	Air Quality - Mold and/or Mildew Observed	
	Air Quality - Sewer Odor Detected	
	Air Quality - Propane/Natural Gas/Methane Gas	
	Detected	
	Electrical Hazards - Exposed Wires/Open Panels	
	Electrical Hazards - Water Leaks on/near Electrical	
	Equipment	
	Flammable Materials - Improperly Stored	
	Garbage and Debris - Indoors	
	Garbage and Debris - Outdoors	
	Hazards - Other	
	Hazards - Sharp Edges	
	Hazards – Tripping	

	Infestation - Insects	
	Infestation – Rats/Mice/Vermin	
Hot Water Heater	Inoperable Unit/Components	
	Leaking Valves/Tanks/Pipes	
	Pressure Relief Valve Missing	
	Rust/Corrosion	

Attachment B: Uniform Physical Condition Standards for Single Family Housing Rehabilitation – Requirements for Site

Inspectable Item	**Observable Deficiency**	**Type and Degree of Deficiency That Must Be Addressed**
HVAC System	Inoperable	
	Misaligned Chimney/Ventilation System	
	Noisy/Vibrating/Leaking	
	Rust/Corrosion	
Kitchen	Cabinets - Missing/Damaged	
	Countertops - Missing/Damaged	
	Dishwasher/Garbage Disposal –	
	Leaking/Inoperable	
	Plumbing - Clogged Drains	
	Plumbing - Leaking Faucet/Pipes	
	Range Hood/Exhaust Fans - Excessive	
	Grease/Inoperable	
	Range/Stove - Missing/Damaged/Inoperable	
	Refrigerator- Missing/Damaged/Inoperable	
	Sink – Damaged/Missing	
Laundry Area (Room)	Dryer Vent – Missing/Damaged/Inoperable	
Lighting	Missing/Inoperable Fixture	
Outlets/Switches	Missing	
	Missing/Broken Cover Plates	
Patio/Porch/Balcony	Baluster/Side Railings Damaged	
Smoke Detector	Missing/Inoperable	
Stairs	Broken/Damaged/Missing Steps	
	Broken/Missing Hand Railing	
Walls	Bulging/Buckling	
	Damaged	

	Damaged/Deteriorated Trim	
	Peeling/Needs Paint	
	Water Stains/Water Damage/Mold/Mildew	
Windows	Cracked/Broken/Missing Panes	
	Damaged/Rotting Window Sill	
	Missing/Deteriorated Caulking/Seals/Glazing Compound	
	Inoperable/Not Lockable	
	Peeling/Needs Paint	
	Security Bars Prevent Egress	

APPENDIX A.3: Environmental Review

ENVIRONMENTAL REVIEW

Policy and Procedures

CDBG-DR requires that an environmental review be completed for every activity before funds (even non-CDBG-DR funds associated with the activity) are committed or expended. Such environmental reviews must comply with the National Environmental Policy Act of 1969 (NEPA) and the related authorities listed at 24 CFR Part 58. An environmental review must be conducted considering federal laws, authorities, and regulations which address noise, air quality, historic properties, floodplains, wetlands, water quality, solid waste disposal, manmade hazards, farmlands protection, wild and scenic rivers, coastal areas, endangered species and others. In accordance with 24 CFR Part 58, recipients, owners, developers, sponsors or any other third-party partners cannot take any physical actions on a site, begin construction, commit, expend, or enter into any legally binding agreements that constitute choice limiting actions for any HUD or non-HUD funds before the environmental review process has been completed and the jurisdiction has received a Release of Funds approval.

Tier I Review: Target Area Assessment

The Northern Marianas Housing Corporation (NMHC) may conduct a tiered environmental review under 24 CFR 58.15 for its CDBG-DR Action Plan. A tiered environmental review allows for a general assessment of the impacts of an activity on the environment prior to identification of a specific site. The Tier 1 review addresses and analyzes those environmental impacts related to the proposed activities that might occur on a typical site within the geographic area. The Tier 1 review also assesses project effects

related to a longer list of environmental factors (e.g., compatibility with surrounding land uses, conformance with zoning plans, nuisances that affect site safety, displacement of people or businesses, solid waste management, etc.). All environment compliance requirements satisfactorily resolved in this first level of review, meaning findings of no significant impact or impact requiring mitigation, are excluded from any additional examination or consideration once the Tier 1 review is completed. The Tier 1 review identifies those compliance requirements that cannot be resolved until specific project locations become known. Site specific issues that cannot be resolved in a Tier 1 review may include: aboveground storage tanks that present a safety hazard to buildings and occupants of buildings; new residential units located in close proximity to the airport which generates high levels of noise; soils that are not suitable for multifamily structures; asbestos removal that may be necessary; or other potential impacts. The Tier 2 Site Specific Review will address such issues.

Tier II: Site Specific Project Review

A review for each individual property is required once sites are selected. The Tier 2 review focuses only on the environmental compliance requirements that could not be resolved in the Tier 1 Target Area Assessment. The NMHC or Implementing Partners (recipients of DR funds) performs the Tier 2 review. When NMHC identifies specific properties or sites within the target area and is ready to obligate funds (e.g., to buy a property, finance repairs, demolish a structure, etc.) it will use the written standards, checklists and narratives set forth in the Tier 1 review process to determine if there are any environmental issues associated with the site. This Site-Specific Project Review documents in writing that compliance standards for the specific project are met, and that required mitigation measures, if any, will be incorporated into the project. The Tier 2 review must be completed before funds (including non-CDBG-DR funds) are committed or expended on the project. The Tier 2 Site Specific Project Review will be maintained in the project files.

Environmental Procedures

STEP 1: Environmental Review Determination

In accordance with above internal review procedures, the Project Manager and/or Housing Administrator will review the program/project scope of work and determine at what level of environmental review needs to be conducted. The environmental consultant will provide technical assistance and support on complex environmental issues. The NEPA classifications that will be determined are listed below:

1. **Exempt – Subject to Related Laws at 24 CFR 58.34**
   Activities that by their very nature will have no physical impact upon the environment are exempt from NEPA requirements as well as Part 58.5. In these cases, NMHC does not need to check for compliance with the requirements or perform an environmental review, consultation, or other action under NEPA. Some examples from NEPA requirements include:

   - Environmental studies, plans & strategies
   - Administrative & management expenses

- Inspections & testing properties
- Engineering or design costs
- Technical assistance & training
- Any of the CEST activities at §58.35(a) if Federal laws and authorities at §58.5 are not triggered

2. **Categorically Excluded, not Subject to 58.5. (24 CFR 58.35)**
Activities in this section are categorically excluded from the requirements at 58.5, due to HUD's determination that such activities will not alter any conditions that would require a NEPA review or a compliance determination under 58.5. When performing a categorically excluded activity not subject to 58.5, NMHC does not need to publish a Notice of Intent/Request for Release of Funds (NOI/RROF). Following the award of program funds, no further approval from HUD will be needed with respect to environmental requirements. Examples of categorically excluded, not subject to NEPA requirements are:

- Tenant-based rental assistance
- Supportive services
- Operating costs including maintenance, security, operation, utilities, furnishings, equipment, supplies, staff training and recruitment and other incidental costs
- Economic development activities not associated with construction or expansion of existing operations
- Activities to assist homebuyers
- Affordable housing pre-development costs
- Supplemental assistance of previously-approved project

3. **Categorically Excluded Subject to 58.5**
Any of the categorically excluded activities in 58.35 are exempt from NEPA, provided that there are no circumstances that require compliance with any other federal law and authorities cited in 58.5. Using the statutory checklist, and after consulting with applicable agencies and organizations, NMHC can designate an activity as exempt if it can show that none of the federal laws and authorities are triggered through funding this activity. The statutory checklist deals with non-NEPA regulation which grantees must adhere to such as historic and wildlife preservation, floodplain management, noise control, etc. Examples of categorically excluded, subject to NEPA requirements are:

- Acquisition, repair, improvement, reconstruction or rehabilitation of public facilities and improvements when:
  - Facilities and improvements are in place
  - No more than 20% change in size or capacity
  - No change in land use
- Removal of architectural barriers that restrict accessibility
- Rehabilitation of buildings and improvements:
  - Residential Structures of 1 – 4 units: no more than 4 units; no change in land use; cannot increase into floodplain or wetland
  - Multifamily Residential Structures: unit density does not change more than

20%; no change in land use; cost of rehab is less than 75% of replacement cost after rehabilitation
    - Commercial, Industrial and Public Buildings: size and capacity does not increase by more than 20%; no change in land use
- Individual action on up to four dwelling units (One 4-unit structure or four 1- unit structures or any combination in between):
- Individual action on a project of five or more housing units when sites are more than 2000 feet apart and no more than four units on any one site.
- Acquisition, disposition or finance of existing structure or vacant land if retained for same use.
- Combination of any of the above activities.

4. **Subject to an Environmental Assessment (24 CFR 58.36)**
   If a project is not exempt or categorically excluded under the above sections, NMHC must prepare an Environmental Assessment (EA). An EA is a concise public document that includes all the evidence and analysis supporting the NMHC's decision as to whether an environmental impact statement is warranted or if an activity will result in no significant impact to the environment. Examples when environmental assessments are needed are:

   - New Construction (more than five (5) units);
   - Construction of Public Facilities;
   - Infrastructure Development;
   - New construction, demolition and/or reconstruction of five or more single family units on scattered sites that are less than 2,000 feet apart;
   - Extending the footprint of a single-family unit into the floodplain or wetland area or expanding the footprint of a structure that is already in a floodplain or wetland area;
   - Major rehabilitation or reconstruction of multifamily residential units that increases or decreases the unit density more than 20 percent;
   - Conversion of a non-residential structure to create a residential use;
   - Acquisition of land for development of a housing subdivision;
   - Activities that are normally exempt or categorically excluded but have an extraordinary circumstance that requires further review.

   NMHC must file the completed checklist and a statement in the Environmental Review Record.

5. **Subject to an environmental impact statement (24 CFR 58.37)**
   If a project is subject to a full EA and is determined to have a potentially significant impact on the human environment, then an Environmental Impact Statement (EIS) is required. An EIS is also required if the project fits at least one of the following criteria:

   - It would provide a site or sites for or result in the construction of hospitals or nursing homes containing more than 2,500 or more beds;
   - It would remove, demolish, convert or substantially rehabilitate 2,500 or more

existing housing units or would result in the construction or installation of 2,500 or more housing units;
- It would provide enough additional water and sewer capacity to support 2,500 or more additional housing units.

The Loan/Grant Supervisor or Project Supervisor must concur on the final environmental review determination (such as "Conversion to Exempt" or issuance of a "FONSI"). Depending on the type of project, the grant specialist, construction inspector, or administrative assistant receives the environmental review document log, scan, and digitally file in the NMHC shared drive to ensure all environmental records are maintained together.

STEP 2: Preparation of Environmental Review

Once the level of environmental review is determined, the loan/grant supervisor or project supervisor will include the determination in the Environmental Assessment file. The loan/grant supervisor or project supervisor will prepare environmental records.

The estimated timeframe, depending on consultations require for completing Environmental Process is as follows:

Environmental Determination	Estimated Timeline for Preparation
Exempt	1 Day
Categorically Excluded not Subject to 58.5	1 Day
Categorically Excluded Subject to 58.5	30-75 Days
Environmental Assessment	45-100 Days
Environmental Impact Statement	1-2 Years

Tiered Environmental Review

Environmental Reviews may be tiered to avoid repetition. Tiered reviews are used to identify and evaluate issues ripe for decision, excluding issues not relevant to the program, policy or project. They are appropriate when:

- Evaluating a policy or proposal
- Early Stages of Development
- When site-specific analysis is not feasible and more narrowed and focused review is better done at a later date
- *Tiered environmental reviews are not appropriate for projects requiring an Environmental Assessment.*

This review is conducted to achieve both compliance and speed because it does not require upfront identification of assisted properties.

In short, a tiered review focuses on a specific geographical area to address and analyze environmental impacts related to the proposed activities that might occur on the typical project site within that area. The specific addresses/locations of the individual properties are not known at this time. However, once individual project sites are located, any remaining environmental compliance issues that could not be resolved until project locations became known are completed according to standards for approval previously established for the target area. NMHC's tiered review focuses on scattered sites located throughout a particular targeted area.

The Tier 1 addresses all laws and authorities possible and establishes a plan (narrative) for the site-specific or subsequent review. NMHC must publish a public notice of intent to request a release of funds (NOI/RROF) and submit RROF as described in Step 3.

The Tier 2 site-specific review does not require a public notice or RROF required unless there are unanticipated impacts or impacts that are not adequately addressed in the Tier 1 review.

8-Step Decision Making Process for Projects in the Floodplain

1. Determine whether the action is located in a 100-year floodplain (or a 500-year floodplain for critical actions).

2. Notify the public for early review of the proposal and involve the affected and interested public in the decision-making process.

3. Identify and evaluate practicable alternatives. Identify the project site selection criteria and consider several alternative sites and actions:
    A. Locate the project within the floodplain
    B. Consider modifying the project
    C. Obtain a Letter of Map Amendment (LOMA) or Letter of Map Revision (LOMR)

    or

    A. Locate the Project Outside of the Floodplain
    B. Consider other sites
    C. Consider no action or alternative actions that serve the same purpose

4. Identify Potential Direct and Indirect Impacts of Associated with Floodplain Development.

5. Where practicable, design or modify the proposed action to minimize the potential adverse impacts to lives, property, and natural values within the floodplain and to restore, and preserve the values of the floodplain.

6. Re-evaluate the Alternatives.

7. Determination of No Practicable Alternative

8. Implement the Proposed Action

STEP 3: Publication of Notice of Intent (NOI) Request for Release of Funds (RROF) and Finding of No Significant Impact (FONSI)

Categorical Exclusions
NMHC will publish a Notice of Intent to Request a Release of Funds (NOI/RROF) for projects that are Categorically Excluded Subject to §58.5 and projects requiring EAs, using the HUD recommended format. At a minimum, NMHC staff shall publish the NOI/RROF notice in a newspaper of general circulation and on the CDBG-DR website. Additionally, the following shall be notified:

1. Individuals and groups known to be interested in the activities
2. Appropriate tribal, local, State and Federal agencies

NMHC must consider the comments and make modifications, if appropriate, in response to the comments, before it certifies and submits the RROF to HUD. The public comment period is 7 days when published, counting from the day after the publication.

Environmental Assessments (EA)
If NMHC makes a Finding of No Significant Impact from an EA, it must prepare a Finding of No Significant Impact (FONSI) notice, using the HUD recommended format. At a minimum, NMHC staff shall publish the FONSI/NOI/RROF combined notice in a newspaper of general circulation and on the CDBG-DR website. Additionally, the following shall be notified:

1. Individuals and groups known to be interested in the activities
2. Appropriate tribal, local, State and Federal agencies

The FONSI public comment period is 15 days when published, counting from the day after the publication. NMHC typically publishes a FONSI notice at the same time it publishes the NOI/RROF. If the notices are released as a combined notice, the combined notice shall clearly indicate that it is intended to meet two separate procedural requirements; and, advise the public to specify in their comments which "notice" their comments address. The public comment period is 15 days when published, counting from the day after the publication.

Commonwealth of the Northern Mariana Islands
OFFICE OF THE GOVERNOR
Bureau of Environmental and Coastal Quality
Division of Coastal Resources Management
P.O. Box 501304, Saipan, MP 96950
Tel: (670) 664-8300; Fax: (670) 664-8315
www.dcrm.gov.mp

COASTAL RESOURCES MANAGEMENT

2:12 pm
FEB 24 2025

PUBLIC NOTICE OF CERTIFICATION AND ADOPTION OF THE COASTAL RESOURCES AMANGEMENT REGULATORY AGENCIES

AMENDMENT TO NMIAC CHAPTER 15-20, TO INCREASE THE MAXIMUM NUMBER OF PARASAILING PERMITS TO BE ISSUED FOR SAIPAN FROM 12 TO 20 PER FISCAL YEAR

ACTION TO ADOPT THESE PROPOSED RULES AND REGULATIONS: The Commonwealth of the Northern Mariana Islands, Office of the Governor, Coastal Resources Management (CRM) Regulatory Agencies HEREBY ADOPT AS PERMANENT amendment to NMIAC Chapter 15-20, to increase the maximum number of parasailing permits to be issued from twelve (12) to twenty (20) per fiscal year on Saipan pursuant to the procedures of the Administrative Procedure Act (APC), 1 CMC §§ 9101 *et seq*., and the Coastal Resources Management Act, 2 CMC §§ 1501 *et seq*.

- § 15-20-115 Maximum Number of Permits

I certify by signature below that as published, such adopted regulation is a true, complete, and correct copy of the referenced Proposed Regulation, and that it is being adopted without modification.

PRIOR PUBLICATION: This regulation is published as Proposed Regulations in Volume 46, Number 07, pp 051140-051146 of the Commonwealth Register on July 15, 2024.

ATTORNEY GENERAL APPROVAL: The adopted regulation was approved for promulgation by the Attorney General in the above-cited pages of the Commonwealth Register pursuant to 1 CMC § 2153(e).

MODIFICATIONS FROM PROPOSED REGULATIONS, IF ANY: None.

AUTHORITY: The amendment is promulgated under the authority of the CRM Regulatory Agencies to adopt the new regulation under 1 CMC § 1531(d). The proposed regulation was approved by the CRM Regulatory Agencies in a public meeting on June 6, 2024.

EFFECTIVE DATE: Pursuant to the APC, 1 CMC § 9105(b), the adopted amendment is effective 10 days after compliance with the APC, 1 CMC §§ 9102 and 9104(a) or (b), which in this instance is 10 days after publication in the Commonwealth Register.

COMMENTS AND AGENCY CONCISE STATEMENT: During the 30-day comment period, DCRM received no comments regarding the Proposed Regulation. Upon this adoption of the amendment, DCRM will, if requested to do so by any interested person within 30 days of adoption, issue a concise statement of the principal reasons for and against its adoption.

I declare under penalty of perjury that the foregoing is true and correct and this declaration was executed on the date indicated below at Saipan, Commonwealth of the Northern Mariana Islands.

Submitted by:

Agnes M. Sablan
Acting Director, Division of Coastal Resources Management

2/21/2025
Date

Received by:

for Mr. Oscar M. Babauta
Special Assistant for Administration

02/24/2025
Date

Filed and Recorded by:

Ms. Esther R.M. San Nicolas
Commonwealth Registrar

03.06.2025
Date

Commonwealth Healthcare Corporation
Commonwealth of the Northern Mariana Islands
1 Lower Navy Hill Road Navy Hill, Saipan, MP 96950

PUBLIC NOTICE OF CERTIFICATION AND ADOPTION OF RULES AND REGULATIONS OF THE COMMONWEALTH HEALTHCARE CORPORATION

PRIOR PUBLICATION IN THE COMMONWEALTH REGISTER
AS PROPOSED RULES AND REGULATIONS
Volume 47, Number 01, pp. 051576-051586, of January 15, 2025

AMENDMENTS TO THE CHCC HUMAN RESOURCES RULES AND REGULATIONS REGARDING SICK LEAVE BANK

ACTION TO ADOPT PROPOSED REGULATIONS: The Commonwealth of the Northern Mariana Islands, COMMONWEALTH HEALTHCARE CORPORATION ("CHCC"), HEREBY ADOPTS AS PERMANENT regulations the Proposed Regulations which were published in the Commonwealth Register at the above-referenced pages, pursuant to the procedures of the Administrative Procedure Act,1 CMC § 9104(a). The CHCC announced that it intended to adopt them as permanent, and now does so. (Id.) A true copy is attached. I also certify by signature below that:

as published, such adopted regulations are a true, complete and correct copy of the referenced Proposed Regulations,

and that they are being adopted as published.

PRIOR PUBLICATION: The prior publication was as stated above.

MODIFICATIONS FROM PROPOSED REGULATIONS: None

AUTHORITY: The Corporation is empowered by the Legislature to adopt these rules and regulations pursuant to 3 CMC Section 2824(K).

EFFECTIVE DATE: Pursuant to the APA, 1 CMC sec. 9105(b), these adopted regulations are effective 10 days after compliance with the APA, 1 CMC §§ 9102 and 9104(a) or (b), which, in this instance, is 10 days after this publication in the Commonwealth Register.

COMMENTS AND AGENCY CONCISE STATEMENT: Pursuant to the APA, 1 CMC sec. 9104(a)(2), the Corporation has considered fully all written and oral submissions respecting the proposed regulations. Upon this adoption of the regulations, the

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Telephone: (670) 236-8201/2 FAX: (670) 233-8756

Corporation, if requested to do so by an interested person, either prior to adoption or within 30 days thereafter, will issue a concise statement of the principal reasons for and against its adoption, incorporating therein its reasons for overruling the considerations urged against its adoption.

The adopted regulations were approved for promulgation by the Attorney General in the above-cited pages of the Commonwealth Register, pursuant to 1 CMC sec. 2153(e)

I DECLARE under penalty of perjury that the foregoing is true and correct and that this declaration was executed on the 18th day of February, 2025 at Saipan, Commonwealth of the Northern Mariana Islands.

Certified and ordered by:

ESTHER L. MUNA — Date: 2/18/2025
Chief Executive Officer, CHCC

JUAN N. BABAUTA — Date: 2/18/2025
Chairman, CHCC Board of Trustees

Pursuant to 1 CMC § 2153(e) (AG approval of regulations to be promulgated as to form) and 1 CMC § 9104(a)(3) (obtain AG approval) the certified final regulations, modified as indicated above from the cited proposed regulations, have been reviewed and approved as to form and legal sufficiency by the CNMI Attorney General, and shall be published (1 CMC § 2153(f) (publication of rules and regulations)).

Dated the 19th day of February, 2025.

EDWARD MANIBUSAN
Attorney General

Filed and
Recorded by:

ESTHER M. SAN NICOLAS — Date: 03.06.2025
Commonwealth Registrar

Proposed Amendments to the Sick Leave Bank

Part 500 - Work Hours, Holidays, Leave, and Benefits
§ 140-90.1-510
Omit (n) Sick Leave Bank
Modified, 1 CMC § 3806(a), (e)–(g). §
History: Amdts Adopted 41 Com. Reg. 41421 (Mar. 28, 2019); Amdts Proposed 40 Com. Reg. 40764 (June 28, 2018); Amdts Adopted 39 Com. Reg. 39218 (Feb. 28, 2017); Amdts Proposed 38 Com. Reg. 39037 (Nov. 29, 2016).

Add §149-90.2-511 Sick Leave Bank
Part 1 100 – General Provisions

Sick Leave Bank Regulations

Part 001 General Provisions
§140.90.2-001 Authority
§140.90.2-002 Purpose
§140.90.2-003 Applicability

Part 100 Contributions to the Sick leave Bank
§140.90.2-101 Eligibility
§140.90.2-105 Procedure

Part 200 Withdrawals from the Sick Leave Bank
§140-90.2-201 Limitation on Number of Hours
§140-90.2-202 Maintenance of the General Account
§140-90.2-203 Eligibility
§140-90.2-204 Procedure
§140-90.2-205 Disposition of Request

Part 300 Accommodation and Disability
§140-90.2-301 Physician Statement
§140-90.2-302 Alternative Position
§140-90.2-303 Disability

Part 400 Miscellaneous
§149-90.2-401 Appeal
§140-90.2-402 Records

Part 001 General Provisions
§140-90.2-001 Authority
This chapter is promulgated by the Commonwealth Healthcare Corporation under the authority of Tite3: Human Resource Division 2: Health **§2823 Establishment of Commonwealth Healthcare Corporation.** Source: PL 16-51 § 3(2803) (Jan. 15, 2010); repealed and reenacted by PL 19-78 § 2 (Jan. 14, 2017), modified; amended by PL 22-33, § 3 (Jan. 31, 2023). Commission Comment: [Historical comments removed.] In codifying PL 19-78, the Commission inserted a serial comma and struck the comma before "and the Division" in (c) and changed "becomes" to "becoming" after "Upon this Chapter" and "CFO" to "Chief Financial Officer (CFO)" in (d) pursuant to 1 CMC § 3806(g). The Commission changed capitalization in (d) for the purpose of conformity pursuant to 1 CMC § 3806(f). Commission Comment: Legislative Findings of 2023 Amendment. - For Findings and Purpose of PL 22-33, see Commission comment to 9 CMC § 2837

§149-90.2-002 Purpose
This chapter is intended to provide additional job and financial protection for employees experiencing a prolonged absence from the workplace due to catastrophic, degenerative/or chronic disease illness or major injury.

§140-90.2-003 Applicability
Except otherwise provided, this subchapter applies to all employees of the Commonwealth Healthcare Corporation with the exception of part-time employees.

Part 100 Contributions to the Sick Leave Bank
§140-90.2-101 Eligibility
Any employee employed by the Commonwealth Healthcare Corporation may contribute annual leave hours to the sick leave bank. Unlimited donations may also be made to designated accounts, but donations to each designated account must comply with the limits established under this regulation. All donated annual leave hours can only be used for eligible sick leave.

§140-90.2-105 Procedure
All annual leave contributions shall be made on forms prescribed by the Human Resources Office. The contributor may elect to contribute annual leave hours to either or both:

(a) The general account, available to any eligible employee of CHCC.

(b) A designated account, available only to the eligible employee designated by the contributor. If the designated employee does not use the hours contributed in his or her designated account within four pay periods of the contribution, the remaining hours will be deposited into the general account.

Part 200 – Withdrawals from the Sick Leave Bank

§140-90.2-201 Limitation on Number of Hours

Withdrawal of sick leave bank hours for extended sick leave is a privilege, not a right. An employee shall not exceed a combined maximum amount of one-thousand and forty (1,040) hours from the designated account or the general account.

(a) General Account: One-thousand and forty (1,040) hours maximum during the employee's employment with the Commonwealth Healthcare Corporation full period of employment, provided that the general account has a balance to cover the requested amount. If there is no balance to pay out, the employee can request through the designated account.

(b) Designated Account: One-thousand and forty (1,040) hours maximum, during the employee's full period of employment with the Commonwealth Healthcare Corporation. The designated account is defined by another employee contributing directly to the employee. If there is no designated person to contribute, then they can request through the general account.

Calculation of withdrawals from the General Account and the Designated Account:

Employee A will contribute annual leave hours to the general account and/or the designated account. The hourly rate of the donation must be higher than the employee requesting for contributions.

Example: Employee A earns $96.15 per hour and contributes 80 hours equals $7,692.00. Employee B earns $8.25 per hour and requests for 80 hours, $660.00 will be withdrawn from the $7,692.00 from Employee A. The balance will be calculated through the Munis system and audits will be performed on a bi-weekly basis.

§140-90.2-202 Maintenance of the General Account

The general account of the sick leave bank shall be maintained and monitored by the Human Resources Office. The Human Resources Office shall periodically advise CHCC employees of these regulations, the purpose of the sick leave bank and the possibility of donating hours to the sick leave bank. If shall also provide an option on all exit interviews for employees resigning from CHCC to contribute their unused annual leave to the sick leave bank.

§140-90.2-203 Eligibility

Any employee employed by the Commonwealth Healthcare Corporation may apply for withdrawal of hours first from the designated account for his or her use, if any, and then from the general account of the sick leave bank provided that:

(a) The employee's need to be absent from work due to the catastrophic injury or illness of the employee or the employee's legal spouse, domestic partner, child or quarantine of the employee, employee's family, or the employee's residence.

(b) The employee is not qualified for workers' compensation because the injury or illness is not work related.
(c) The employee must exhaust all accrued sick leave and annual leave, prior to the usage of the sick leave bank hours requested.

(d) The additional hours requested by the employee will not cause the employee to exceed the withdrawal limit established in §149-90.2-201.
(e) The employee is expected to return back to the Commonwealth Healthcare Corporation
(1) In the same position, or
(2) If the injury prevents the employee from performing the essential job functions of the same position even with reasonable accommodation to some other position with the Commonwealth Healthcare Corporation.
(f) The request for sick leave does not extend beyond the term of the employee's employment.
(g) The account of the sick leave bank has sufficient hours to accommodate the employee's request.
(h) The employee's Chief Medical Officer, Chief Nursing Officer, Chief Operations Officer and the Chief Financial Officer recommends approval of the employee's withdrawal request from the sick leave bank at the recommendation of the employee's Directors, Managers and Supervisors and HR designee. They can refuse to recommend approval of withdrawal only if:
(1) The employee's additional absence will significantly interfere with CHCC's ability to perform the responsibilities; or
(2) The employee is seeking additional sick leave for recuperation from a work-related injury or illness that is otherwise compensable under the Workers' Compensation Act.

§140-90.2-204 Procedure

An employee shall request withdrawal of hours from the sick leave bank for himself, herself or caring for an eligible family member from the Human Resources Department, whether from the designated account or the general account, as needed, in increments of up to eighty hours, on a form prescribed by the HR designee:

(a) The request must be received at the Human Resources Office at least five (5) working days before the proposed effective date, with all required approvals and supporting documents.
(b) The request must be supported by a statement from Physician or Advance Practice Practitioner, which includes:
    (1) An estimate time the employee must be absent from work. When an employee is requesting for withdrawal from the sick leave bank for an eligible family member, medical statement must specify the employee as the primary caregiver.
    (2) A confirmation statement of the employee's injury or illness, or quarantine of the employee or the immediate family member or the quarantine or the employee's residence; and
    (3) A confirmation of illness or injury will not constitute a permanent disability that even with a reasonable accommodation that can be made without undue hardship to the Corporation, will prevent the employee from performing the essential job functions of his or her position.

§140-90.2-205 Disposition of Request

The Chief Executive Officer shall grant or deny the request for sick leave bank promptly in writing. No properly supported request from an eligible employee shall be denied unless:

(a) There are insufficient hours in the general account to grant the request; or
(b) The employee's department head, with adequate justification, has not approved the request; or
(c) The employee is expected to be compensated for any lost work time through the Workers' Compensation; or
(d) Based on the employee's physician's statement, the Chief Executive Officer determines that the employee will not be able to return to work in the same position, or alternate provision as an accommodation under §140-90.2-302, due to residual disability; or
(e) The employee has already withdrawn one-thousand and forty (1,040) hours of sick bank leave.

Part 300 Accommodation and Disability

§140-90.2-301 Physician Statement

(f) If the Physician or the Advance Practice Practitioner determines the catastrophic, degenerative/or chronic disease illness or injury for which the employees seeks sick leave will constitute a permanent disability preventing the employee from being able to perform the essential job functions of his or her previous position, the Physician or the Advance Practice Practitioner, the Human Resources office will submit a Fitness for Duty document and describe the physical or mental limitations the employee is expected to experience.

§140-90.2-302 Alternative Position

In a case where an employee is not expected to be able to perform the essential job functions of his or her previous position, even with reasonable accommodation, the Chief Executive Officer must determine, based on the Physician or Advance Practitioner, whether the disability precludes the employee from being reasonably accommodated in another equivalent CHCC position that can be performed by a person with that particular disability.

§140-90.2-303 Disability

If the Chief Executive Officer determines that the expected disability precludes the employee from performing the essential job functions or any equivalent CHCC position, the Chief Executive Officer shall deny additional sick leave bank hours to the employee. The Chief Executive Officer shall then medically separate the employee as stated in § 140-90.1-615(e). An employee who is unable to return to work or has been determined by a licensed physician or medical professional as unable to perform the essential duties of the job, in accordance with federal and CNMI laws and CHCC policies (sick leave, annual leave, and FMLA leave) shall be separated from employment and recommended to apply for disability benefits.

Part 400 Miscellaneous

§149-90.2-401 Appeal

An employee denied hours from the sick leave bank has the following recourses:

(a) The employee within five (5) business days of the denial, shall request to the Chief Executive Officer to reconsider his or her decision to deny the request. The employee may supplement the original withdrawal request with additional information. The Chief Executive Officer must issue a written final decision within five (5) business days of the request for reconsideration. If the Chief Executive Officer affirms the original denial, the decision shall include the specific reason(s) for the denial and a summary of the evidence relied upon.

(b) If the employee chooses to appeal the Chief Executive Officer's final decision, the appeal must be filed with the CHCC Board of Trustees within five (5) business days after the employee receives the final decision. The CHCC Board of Trustees shall issue its final decision to the employee.

§140-90.2-402 Records

The Human Resources Office shall maintain records of all hours contributed to and withdrawn from the sick leave bank.

NORTHERN MARIANAS HOUSING CORPORATION

P.O. BOX 500514, Saipan, MP 96950-0514
Email: nmhc@nmhc.gov.mp
Website: http://www.nmhcgov.net

Tels: (670) 234-9447
234-6866
Fax: (670) 234-9021

PUBLIC NOTICE

PROPOSED AMENDMENTS TO THE NORTHERN MARIANAS HOUSING CORPORATION'S PERSONNEL REGULATIONS

Notice of Intended Action: The Board of Directors of the Northern Marianas Housing Corporation intends to amend the NMHC's Personnel Regulations pursuant to the Administrative Procedure Act, 1 CMC § 9104(a). If adopted, these Amendments to the Regulations will become effective ten (10) calendar days after publication of a Notice of Adoption in the Commonwealth Register after compliance with 1 CMC §§ 9102, 9104(a), and 9105(b).

Authority: The proposed Amendments are promulgated under the authority of the Board of Directors, through its Chairperson, to promulgate rules and regulations pursuant to 2 CMC § 4433(t).

Terms and Substance: The proposed Amendments to the NMHC's Personnel Regulations affect the regulations relating to **§100-50-035** to clarify roles and responsibilities of the Corporate Director regarding hiring of personnel and signing of legal instruments on behalf of NMHC; **§100-50-040** to transfer personnel responsibility from the Office Manager to the Human Resources (HR) Manager/Executive Assistant; **§100-50-123(a)** to add language to indicating the authorized signatory of employment contracts for Board of Directors appointed positions and to include additional positions under Contracted Appointment; **§100-50-123(f)(2)(i)** to remove language regarding anniversary date for within grade increases and other purposes; **§100-50-161** to include language to expand coverage to contracted employees; **§100-50-163(b)** to incorporate Performance Improvement Plan for employee performance; **§100-50-164** to incorporate language regarding absent without leave during probationary period; **§100-50-314** to incorporate other public housing agencies or agencies that administer federal programs in the U.S. in the Periodic Review of the NMHC Compensation Plan; **§100-50-318** to incorporate appeal process for denials of promotions; **§100-50-334** to add procedures regarding requesting for within-grade increases; **§100-50-338(e)** to clarify the accrual, use and disposition of compensatory time-off; **§100-50-338(g)** to incorporate language regarding unauthorized overtime and procedures regarding emergency circumstances resulting in overtime pay; **§100-50-464(c)** to add a new section regarding Fraternization in the Workplace; **§100-50-620(a)(1)** to add language regarding requesting Annual Leave in advance; **§100-50-620(b)(2)** to increase the number of days required to furnish a certification from an attending physician from two (2) to three (3) days to avail to Sick Leave; **§100-50-620(c)(5)** to add language to align with CNMI OPM's Family Medical Sick Leave policy and to remove language that limits the employee's Sick Leave balance to care for an immediate family member; **§100-50-620(e)** to include the term "putative" extending coverage to step parents for Compassionate Leave benefit; **§100-50-620(g)** to replace location of payment from Commonwealth Treasurer to NMHC Cashier; **§100-50-620(h)** to grant Active Military Personnel

and Reservists of the United States Armed Forces administrative leave up to fifteen working days subsequent the fifteen days of military leave of absence days afforded, for a total of thirty days pursuant to Office of the Governor Executive Order No. 2018-04; **§100-50-620(j)** to include common law spouse coverage under Paternity Leave; **§100-50-620(k)(3)** to amend the number of eligible hours from 160 hours to 1,040 hours of Sick Leave Bank hours once during employment. The terms and conditions of this benefit are provided in the Sick Leave Bank Regulations [NMIAC, title 10, chapter 50]; **§100-50-620(l)** to create a new leave benefit entitled "Self-Care Leave"; **§100-50-625(c)** to reflect the amount of tardiness allowed and follow up procedures for habitual or excessive tardiness; **§100-50-625(e)(3)** to include language regarding having FMLA leave run concurrently with paid leave and leave without pay, if any; **§100-50-625(e)(4)** to include language regarding employee health insurance premium while under FMLA leave; **§100-50-630** to amend the number of days an employee must be in pay status in a pay period in order to accrue leave from 10 days to 64 hours or more; **§100-50-645(e)** to include language regarding Leave from Other Government Agencies; **§100-50-655(b)(c)** to remove language regarding dental insurance coverage.

Citation of Related and/or Affected Statutes, Rules and Regulations. The proposed Amendments relating to amend **§100-50-035**, **§100-50-040**, **§100-50-123(a)**, **§100-50-123(f)(2)(i)**, **§100-50-161**, **§100-50-163(b)**, **§100-50-164**, **§100-50-314**, **§100-50-318**, **§100-50-334**, **§100-50-338(e)**, **§100-50-338(g)**, **§100-50-464(c)**, **§100-50-620(a)(1)**, **§100-50-620(b)(2)**, **§100-50-620(c)(5)**, **§100-50-620(e)**, **§100-50-620(g)**, **§100-50-620(h)**, **§100-50-620(j)**, **§100-50-620(k)(3)**, **§100-50-620(l)**, **§100-50-625(c)**, **§100-50-625(e)(3)**, **§100-50-625(e)(4)**, **§100-50-630**, **§100-50-645(e)**, **§100-50-655(b)(c)**.

Directions for Filing and Publication: These proposed Amendments to the Northern Marianas Housing Corporation's Personnel Regulations shall be published in the Commonwealth Register in the section on proposed and newly adopted regulations (1 CMC § 9102(a)(1)) and posted in convenient places in the Civic Center and in local government offices in each senatorial district; the Public Notice of Proposed Adoption shall be both in English and in the principal vernacular (1 CMC § 9104(a)(1)).

Comments: Interested parties may submit written comments on the proposed amendments to Zenie P. Mafnas, Corporate Director, NMHC, to the following address, fax or email address, with the subject line "Proposed Amendments to the NMHC's Personnel Regulations:"

NORTHERN MARIANAS HOUSING CORPORATION
PO Box 500514
Saipan, MP 96950
Fax: 234-9021
Email address: zpmafnas@nmhcgov.net

Comments, data, views, or arguments are due within thirty (30) calendar days from the date of publication of this notice. 1 CMC § 9104(a)(2). If you have any questions, you may reach NMHC at telephone nos. 234-6866/234-9447/234-7689.

Submitted by: _____ 03/06/2025
Merced "Marcie" M. Tomokane Date
Chairperson
NMHC Board of Directors

Received by: _____ 03/06/2025
Oscar M. Babauta Date
Special Assistant for Administration

Filed and
Recorded by: _____ 03.10.2025
Esther R.M. San Nicolas Date
Commonwealth Registrar

Pursuant to 1 CMC § 2153(e) and 1 CMC § 9104(a)(3) the proposed Amendments to the Northern Marianas Housing Corporation's Personnel Regulations attached hereto have been reviewed and approved as to form and legal sufficiency by the CNMI Attorney General and shall be published (1 CMC § 2153(f) (publication of rules and regulations)).

Dated the 10 day of March, 2025.

_____ _____
Edward Manibusan Date
Attorney General

NORTHERN MARIANAS HOUSING CORPORATION

P.O. BOX 500514, Saipan, MP 96950-0514
Email: nmhc@nmhc.gov.mp
Website: http://www.nmhcgov.net

Tels: (670) 234-9447
234-6866
Fax: (670) 234-9021

NUTISIAN PUPBLIKU

MANMAPROPONI NA TINILAIKA GI NORTHERN MARIANAS HOUSING CORPORATION'S PERSONNEL REGULATIONS

Nutisia i Ma'intensiona na Aksión: I Kuetpun Mandirektot gi Northern Marianas Housing Corporation ha intensiona para u amenda i NMHC's Personnel Regulations sigun gi Åkton Administrative Procedure, 1 CMC § 9104(a). Yanggin ma'adåpta, esti siha na Tinilaika gi Regulasion siempri umifektibu gi dies (10) dihas gi halum kalendåriu dispues di pupblikasion nu i Nutisian Adåptasion gi halum Rehistran Commonwealth dispues di compliance yan i 1 CMC §§ 9102, 9104(a), yan 9105(b).

Åturidåt: I maproponi na Tinilaika siha manmacho'gui gi papa' i aturidåt nu i Kuetpun Mandirektot, ginen Kabesiyun-ñiha, para u macho'gui i areklamentu yan regulasion siha sigun gi 2 CMC § 4433(t).

I Tema yan Sustånsian i Palåbra siha: I maproponi na Tinilaika siha gi NMHC's Personnel Regulations ha afekta i regulasion ni umasosiåt ya para hu man na halom nuebu na **§100-50-035** to clarify roles and responsibilities of the Corporate Director regarding hiring of personnel and signing of legal instruments on behalf of NMHC; **§100-50-040** to transfer personnel responsibility from the Office Manager to the Human Resources (HR) Manager/Executive Assistant; **§100-50-123(a)** to add language to indicating the authorized signatory of employment contracts for Board of Directors appointed positions and to include additional positions under Contracted Appointment; **§100-50-123(f)(2)(i)** to remove language regarding anniversary date for within grade increases and other purposes; **§100-50-161** to include language to expand coverage to contracted employees; **§100-50-163(b)** to incorporate Performance Improvement Plan for employee performance; **§100-50-164** to incorporate language regarding absent without leave during probationary period; **§100-50-314** to incorporate other public housing agencies or agencies that administer federal programs in the U.S. in the Periodic Review of the NMHC Compensation Plan; **§100-50-318** to incorporate appeal process for denials of promotions; **§100-50-334** to add procedures regarding requesting for within-grade increases; **§100-50-338(e)** to clarify the accrual, use and disposition of compensatory time-off; **§100-50-338(g)** to incorporate language regarding unauthorized overtime and procedures regarding emergency circumstances resulting in overtime pay; **§100-50-464(c)** to add a new section regarding Fraternization in the Workplace; **§100-50-620(a)(1)** to add language regarding requesting Annual Leave in advance; **§100-50-620(b)(2)** to increase the number of days required to furnish a certification from an attending physician from two (2) to three (3) days to avail to Sick Leave; **§100-50-620(c)(5)** to add language to align with CNMI OPM's Family Medical Sick Leave policy and to remove language that limits the employee's Sick Leave balance to care for an immediate family member; **§100-50-620(e)** to include the term "putative" extending coverage to step parents for Compassionate Leave benefit;

§100-50-620(g) to replace location of payment from Commonwealth Treasurer to NMHC Cashier; **§100-50-620(h)** to grant Active Military Personnel and Reservists of the United States Armed Forces administrative leave up to fifteen working days subsequent the fifteen days of military leave of absence days afforded, for a total of thirty days pursuant to Office of the Governor Executive Order No. 2018-04; **§100-50-620(j)** to include common law spouse coverage under Paternity Leave; **§100-50-620(k)(3)** to amend the number of eligible hours from 160 hours to 1,040 hours of Sick Leave Bank hours once during employment. The terms and conditions of this benefit are provided in the Sick Leave Bank Regulations [NMIAC, title 10, chapter 50]; **§100-50-620(l)** to create a new leave benefit entitled "Self-Care Leave"; **§100-50-625(c)** to reflect the amount of tardiness allowed and follow up procedures for habitual or excessive tardiness; **§100-50-625(e)(3)** to include language regarding having FMLA leave run concurrently with paid leave and leave without pay, if any; **§100-50-625(e)(4)** to include language regarding employee health insurance premium while under FMLA leave; **§100-50-630** to amend the number of days an employee must be in pay status in a pay period in order to accrue leave from 10 days to 64 hours or more; **§100-50-645(e)** to include language regarding Leave from Other Government Agencies; **§100-50-655(b)(c)** to remove language regarding dental insurance coverage.

Sitasión i Asosiåt yan/pat i Manina´fekta na Statutes, Areklamentu yan Regulasion siha: I maproponi na Tinilaika siha ni umasosiåt ya para hu man na halom nuebu na **§100-50-035**, **§100-50-040**, **§100-50-123(a)**, **§100-50-123(f)(2)(i)**, **§100-50-161**, **§100-50-163(b)**, **§100-50-164**, **§100-50-314**, **§100-50-318**, **§100-50-334**, **§100-50-338(e)**, **§100-50-338(g)**, **§100-50-464(c)**, **§100-50-620(a)(1)**, **§100-50-620(b)(2)**, **§100-50-620(c)(5)**, **§100-50-620(e)**, **§100-50-620(g)**, **§100-50-620(h)**, **§100-50-620(j)**, **§100-50-620(k)(3)**, **§100-50-620(l)**, **§100-50-625(c)**, **§100-50-625(e)(3)**, **§100-50-625(e)(4)**, **§100-50-630**, **§100-50-645(e)**, **§100-50-655(b)(c)**.

Direksion siha para u Mapo'lu yan Pupblikasion: Esti i maproponi na Tinilaika siha gi Northern Marianas Housing Corporation's Personnel Regulations debi na u mapupblika gi halum i Rehistran Commonwealth gi halum seksion i maproponi yan nuebu na ma'adåpta na regulasion siha (1 CMC § 9102(a)(1)) yan u mapega gi hålum mankumbinienti na lugåt gi halum i Civic Center yan i hålum ufisinan gubietnamentu siha gi kada distritun senadot; i Nutisian Pupbliku put i Maproponi na Adaptasion debi na gi finu' Inglis yan i dos na lingguåhi natibu. (1 CMC § 9104(a)(1)).

Upiñon siha: I intirisao na petsona siha siña muna´hålum tinigi´ upiñon siha put i manmaproponi na Tinilaika siha guatu gi as Zenie P. Mafnas, Corporate Director, NMHC gi sigienti na address, fax, pat email address, yan i råyan suhetu "Maproponi na Tinilaika siha gi NMHC's Personnel Regulations:"

NORTHERN MARIANAS HOUSING CORPORATION
PO Box 500514
Saipan, MP 96950
Fax: 234-9021
Email address: zpmafnas@nmhcgov.net

I upiñon, infotmasion yan kuntestasión siha debi na u fanhålum gi hålum trenta (30) dihas ginin i fetchan pupblikasion esti na nutisia. 1 CMC § 9104(a)(2). Kumu guaha maseha håfa na kuestion-mu, siña un ågang i NMHC gi numirun tilifon gi 234-6866/234-9447, 234-7689.

Nina´halum as: _____ Fetcha: 03/06/2025

Merced "Marcie" M. Tomokane
Kabesiyu
Kuetpun Mandirektot NMHC

Rinisibi as: _____ Fetcha: 03/06/2025

Oscar M. Babauta
Ispisiåt Na Ayudånti Para I Atministrasion

Pine´lu yan
Ninota as: _____ Fetcha: 03.10.2025

Esther R.M. San Nicolas
Rehistran Commonwealth

Sigun gi 1 CMC § 2153(e) yan 1 CMC § 9104(a)(3) i maproponi na Tinilaika siha gi Regulasion i Policies yan i Maneran Personnel ni chechettun guini maribisa yan maninaprueba komu para u fotma yan ligåt sufisienti ginen i Abugådu Hiniråt iya CNMI yan debi na u mapupblika (1 CMC § 2153(f) (pupblikasion nu areklamentu yan regulasion siha)).

_____ 3/10/2025

Edward Manibusan
Abugådu Hiniråt

Fetcha

NORTHERN MARIANAS HOUSING CORPORATION

P.O. BOX 500514, Saipan, MP 96950-0514
Email: nmhc@nmhc.gov.mp
Website: http://www.nmhcgov.net

Tels: (670) 234-9447
234-6866
Fax: (670) 234-9021

ARONGORONGOL TOULAP

PWOMWOL LIIWEL NGÁLI NORTHERN MARIANAS HOUSING CORPORATION'S PERSONNEL REGULATIONS

Arong reel Ipighil Mwóghut: Board-il Directors me Northern Marianas Housing Corporation rebwe ipighil liiweli NMHC's Personnel Regulations sángi Administrative Procedure Act, 1 CMC § 9104(a). Ngáre a adopted ló, Liiwel kkaal ngáli Mwóghútúghút kkaal llól seigh (10) ráál mwiril akkatééwow mellól Commonwealth Register ebwe bwunguló Arongorongol Adoption mwiril yaal angúúngú fengál me 1 CMC §§ 9102, 9104(a), me 9105(b).

Bwángil: Reel pwomwol Liiwel kkaal ebwe arongowow faal bwángil Board of Directors, sángi layúr Chairperson, ebwe arongowow allégh me mwóghutughut sángi 2 CMC § 4433(t).

Kkapasal me Aweeweel: Pwomwol Liiwel ngáli yaar NMHC Personnel Regulations ee liiweli mwóghutughut ikka ee schuu ngáli **§100-50-035** to clarify roles and responsibilities of the Corporate Director regarding hiring of personnel and signing of legal instruments on behalf of NMHC; **§100-50-040** to transfer personnel responsibility from the Office Manager to the Human Resources (HR) Manager/Executive Assistant; **§100-50-123(a)** to add language to indicating the authorized signatory of employment contracts for Board of Directors appointed positions and to include additional positions under Contracted Appointment; **§100-50-123(f)(2)(i)** to remove language regarding anniversary date for within grade increases and other purposes; **§100-50-161** to include language to expand coverage to contracted employees; **§100-50-163(b)** to incorporate Performance Improvement Plan for employee performance; **§100-50-164** to incorporate language regarding absent without leave during probationary period; **§100-50-314** to incorporate other public housing agencies or agencies that administer federal programs in the U.S. in the Periodic Review of the NMHC Compensation Plan; **§100-50-318** to incorporate appeal process for denials of promotions; **§100-50-334** to add procedures regarding requesting for within-grade increases; **§100-50-338(e)** to clarify the accrual, use and disposition of compensatory time-off; **§100-50-338(g)** to incorporate language regarding unauthorized overtime and procedures regarding emergency circumstances resulting in overtime pay; **§100-50-464(c)** to add a new section regarding Fraternization in the Workplace; **§100-50-620(a)(1)** to add language regarding requesting Annual Leave in advance; **§100-50-620(b)(2)** to increase the number of days required to furnish a certification from an attending physician from two (2) to three (3) days to avail to Sick Leave; **§100-50-620(c)(5)** to add language to align with CNMI OPM's Family Medical Sick Leave policy and to remove language that limits the employee's Sick Leave balance to care for an immediate family member; **§100-50-620(e)** to include the term "putative" extending coverage to step parents for Compassionate Leave benefit; **§100-50-620(g)** to replace location of payment from Commonwealth Treasurer to NMHC Cashier; **§100-50-620(h)** to grant Active Military Personnel

and Reservists of the United States Armed Forces administrative leave up to fifteen working days subsequent the fifteen days of military leave of absence days afforded, for a total of thirty days pursuant to Office of the Governor Executive Order No. 2018-04; **§100-50-620(j)** to include common law spouse coverage under Paternity Leave; **§100-50-620(k)(3)** to amend the number of eligible hours from 160 hours to 1,040 hours of Sick Leave Bank hours once during employment. The terms and conditions of this benefit are provided in the Sick Leave Bank Regulations [NMIAC, title 10, chapter 50]; **§100-50-620(l)** to create a new leave benefit entitled "Self-Care Leave"; **§100-50-625(c)** to reflect the amount of tardiness allowed and follow up procedures for habitual or excessive tardiness; **§100-50-625(e)(3)** to include language regarding having FMLA leave run concurrently with paid leave and leave without pay, if any; **§100-50-625(e)(4)** to include language regarding employee health insurance premium while under FMLA leave; **§100-50-630** to amend the number of days an employee must be in pay status in a pay period in order to accrue leave from 10 days to 64 hours or more; **§100-50-645(e)** to include language regarding Leave from Other Government Agencies; **§100-50-655(b)(c)** to remove language regarding dental insurance coverage.

Citation reel Milikka ee Schuu me/ngare "Affected Statutes", Allégh me Mwóghutughut: Reel pwomwol Liiwel ikka ee schuu ngáli **§100-50-035**, **§100-50-040**, **§100-50-123(a)**, **§100-50-123(f)(2)(i)**, **§100-50-161**, **§100-50-163(b)**, **§100-50-164**, **§100-50-314**, **§100-50-318**, **§100-50-334**, **§100-50-338(e)**, **§100-50-338(g)**, **§100-50-464(c)**, **§100-50-620(a)(1)**, **§100-50-620(b)(2)**, **§100-50-620(c)(5)**, **§100-50-620(e)**, **§100-50-620(g)**, **§100-50-620(h)**, **§100-50-620(j)**, **§100-50-620(k)(3)**, **§100-50-620(l)**, **§100-50-625(c)**, **§100-50-625(e)(3)**, **§100-50-625(e)(4)**, **§100-50-630**, **§100-50-645(e)**, **§100-50-655(b)(c)**.

Afal reel Ammwelil me Akkatééwowul: Ikkaal pwomwol Liiwel ngáli Northern Marianas Housing Corporation Personnel Regulations ebwe arongolong lóll Commonwealth Register llól tálil ffél mwóghutughut ikka ra adóptáálil (1 CMC § 9102(a)(1) me ebwe a appaschetá llól bwuley kka efil mellól civic center bwal llól government offices llól ghal ikkey senatorial district; ebwe lo Arongorongol Toulap reel Pwomwol Liiwel kkaal ebwe llól English me mwáliyasch (1 CMC § 9104(a)(1)).

Kkapas: Schóó kka re tipáli rebwe isiisilong ischil kkapas reel iyeel pwomwol liiwel kkaal rebwe isch ngáli Zenie P. Mafnas, Corporate Director, NMHC, ngáli féléfél iye amwirimwiritiw, fax ngáre email address, ebwe lo wóól subject line bwe "Proposed Amendments to the NMHC's Personnel Regulations".

NORTHERN MARIANAS HOUSING CORPORATION
PO Box 500514
Saipan, MP 96950
Fax: 234-9021
Email address: zpmafnas@nmhcgov.net

Kkapas, data, views, ngáre angiingi ebwe toolong llól eliigh (30) ráál mwiril yaal akkatééwow arongorong yeel. 1 CMC § 9104(a)(2). Ngáre eyoor yóómw aiyegh, faingiló NMHC me 234-6866/234-9447/234-7689.

Isáliyalong: _____ Ráál: 03/06/2025

Merced "Marcie" M. Tomokane
Chairperson
NMHC Board of Directors

Bwughiyal: _____ Ráál: 03/06/2025
Oscar M. Babauta
Special Assistant ngáli Administration

Ammwelil: _____ Ráál: 03.10.2025
Esther R.M. San Nicolas
Commonwealth Register

Sángi 1 CMC § 2153(e) me 1 CMC § 9104(a)(3) ra takkal amwuri fischiiy me átirowa ppwommwol Liiwel ngáli Mwóghutughutúl Procurement ikka e appasch bwe aa ffil reel ffééról me legal sufficiency sángi Soulemelemil Allégh Lapalapal CNMI me ebwe akkatééwow (1 CMC § 2153(f) (akkatééwowul allégh me mwóghutughut)).

Ghikkil wóól 10 ráálil March, 2025.

_____ _____
Edward Manibusan Ráál
Soulemelemil Allégh Lapalap

CHAPTER 100-50
NORTHERN MARIANAS HOUSING CORPORATION (NMHC) PERSONNEL REGULATIONS

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Part 001 - Introduction Subpart A - Definition, Purpose and Scope

§ 100-50-001 Definition

a) "NMHC" The NMHC means the Northern Marianas Housing Corporation, a part of the Commonwealth government.
b) "Board of Directors" or "Board" means the Board of Directors of the Northern Marianas Housing Corporation. The Board shall make policy decisions for NMHC.
c) "Corporate Director" the Corporate Director is in charge of the day-to-day operations of the NMHC.
d) "~~Office~~ Human Resources (HR) Manager/Executive Assistant ("HR Manager")" the ~~Office~~ HR Manager serves as the Personnel Officer who executes the personnel policies of the NMHC and provides administrative assistance to both the Corporate Director and Deputy Corporate Director.
e) "Administrative Division" the Administrative Division serves as the Human Resources Office to assist the NMHC employees with personnel matters.
f) "Personnel Committee" the Personnel Committee shall be established by the Board and shall comprise of the following members: 1- Saipan Board Member; 1- Tinian Board Member; 1- Rota Board Member. It shall also include the Corporate Director and the ~~Office~~ HR Manager.
g) "Executives" means the Corporate Director, Deputy Corporate Director and the Chief Financial Officer (CFO) whom are hired by the Board.
h) "Managers" means the Division Heads that are comprised of the following managers: Office Manager; HR Manager; Chief Accountant; Program and Housing Division Manager; Mortgage and Credit Division Manager; Asset Management Division Manager; Field Office Representatives (Tinian & Rota); and Special Assistant for Housing and Low Income Housing Tax Credit (LIHTC) Programs.
i) "Emergency Declarations" the NMHC shall recognize locally declared emergencies by the Commonwealth Governor and/or Presidentially Declared emergencies by the U.S. President
j) "Congressionally Federally Funded Programs" programs funded by the U.S. Congress to assist in disaster~~s~~ areas particularly the Commonwealth of the Northern Mariana Islands.
k) "OPM" mean the CNMI Office of Personnel Management within the Civil Service Commission as provided in 1 CMC § 8121.
l) "MRO" means Medical Review Officer.
m) "SAP" means Substance Abuse Professionals.
n) "FLSA" means the Fair Labor Standards Act.

§ 100-50-002 Purpose

These regulations implement 2 CMC § 4433(s) which authorizes the Northern Marianas Housing Corporation (NMHC) to establish rules and regulations governing the personnel policies and processes of the Corporation that will establish a positive and fair work environment to further the accomplishment of the NMHC mission.

§ 100-50-005 NMHC Mission Statement

The NMHC is guided by its mission statement in its efforts on behalf of the Commonwealth: to provide efficient and responsive delivery of housing, mortgage and community development programs to the people of the Commonwealth; afford fair and equal opportunity to housing programs and services for all, with special emphasis on very-low, low and moderate income individuals, elderly persons with disabilities; increase and implement home ownership programs with houses that are safe, decent, sanitary and affordable; encourage and promote economic independence, self-sufficiency and upward mobility for families; and implement programs to address the growing and future needs and cost effective viability of the communities in the Commonwealth.

§ 100-50-010 Policy

(a) It is hereby declared to be the policy of these regulations to establish a system of personnel administration within the NMHC that is based on merit principles and generally accepted management methods to govern the employment actions and processes for the employees of the NMHC.

(b) It is also declared to be the purpose of these regulations to develop a personnel system which will attract, select, and retain the best-qualified employees based on merit, who shall hold their positions free from coercion, discrimination, reprisal, or political influences, with incentives in the form of genuine opportunities for promotion within the NMHC, and to provide competent and loyal personnel to render impartial service to the public at all times according to the dictates of ethics and morality.

(c) In order to achieve this purpose, it is declared to be the policy of the NMHC that the personnel system hereby established be applied and administered in accordance with the following merit principles:
(1) Equal opportunity for all, regardless of race, creed, color, ancestry, membership in a labor organization, political affiliation, place of origin, disability, sex, religion, age, sexual orientation, veterans status or similar matters not related to individual merit and fitness;
(2) Impartial selection of the most able person for government service by means of selection processes which are fair, objective, and practical;
(3) Just opportunity for competent employees to be promoted within the NMHC;
(4) Reasonable job security for the competent employee;
(5) Systematic classification of all positions and personnel through adequate job descriptions and periodic performance evaluations;
(6) Fair and practical grievance and complaint procedures for all employees; and
(7) Flexibility in employer-employee relations to achieve and maintain a well-trained, productive and happy work force.

§ 100-50-015 Coverage

(a) These regulations apply to all employees and positions now or hereafter established in the NMHC and all personnel services performed for the NMHC.

(b) Some provisions of these regulations will vary for employees in the following employment status:

(1) Key positions filled by appointment or contract;
(2) Persons or organizations retained by contract where the Corporate Director has certified that the service to be performed is special or unique and nonpermanent, is essential to the NMHC's interest, and that because of the degree of expertise or special knowledge required and the nature of the services to be performed, it would not be practical to obtain personnel to perform such services through normal public service recruitment procedures;

(3) Positions of a temporary nature needed by the NMHC, where certified by the Corporate Director and when the need for the same does not exceed ninety (90) days;
(4) Any position involving intermittent performance which does not require more than forty (40) hours in any one month;
(5) Positions of part-time nature requiring the services of four (4) hours or less per day but not exceeding one year (1) in duration;
(6) Positions of temporary nature which involve special projects having specific completion dates which shall not exceed one (1) year.

(c) The Corporate Director shall determine the applicability of this section to specific positions not expressly covered by this section.

§ 100-50-020 Scope

These regulations cover nearly all aspects of personnel management and administration, and which include but are not limited to development and promulgation of personnel policy, staffing, position classification, employee relations, employee development and training, employee benefits and services, incentives and awards, performance evaluation, employee health service, employee safety and accident prevention, labor-management relations, personnel management program evaluation, and records and reports. Each of the foregoing elements is presented in detail in subsequent parts of these regulations.

§ 100-50-025 Eligibility for Employment

It is the policy of the NMHC that the personnel system shall be applied and administered according to the principle of equal opportunity for all persons regardless of race, creed, color, ancestry, membership in a labor organization, political affiliation, place of origin, disability, sex, religion, age, sexual orientation, veterans status and similar matters not related to individual merit and fitness.

Subpart B - Personnel Management Responsibilities

§ 100-50-030 Personnel Management

(a) Personnel management is the responsibility of all Executives, Managers, and supervisors who direct the work of others.

(b) The Corporate Director, with the assistance of the ~~Office~~ HR Manager, has the specific responsibility to plan, develop, and implement programs and procedures which give effect and meaning to the laws of the Commonwealth, vis-a-vis the NMHC workforce, giving due consideration to the changing needs of the NMHC's programs and personnel needs.

(c) It is the policy of the NMHC to continuously promote improved management- employee relations, human relations and communications, and satisfying work conditions in order to provide all employees the opportunity to satisfy their needs for recognition, a sense of personal worth, and personal achievement.

§ 100-50-035 The Corporate Director

The provisions of this regulation shall govern the administration of the NMHC personnel management system. Pursuant to 2 CMC § 4433(q) and (s), the Corporate Director shall:

(a) Be appointed by and serve at the pleasure of the Board of Directors;

(b) Receive such salary and benefits as approved by the Board of Directors and otherwise authorized by statute;

(c) The Board of Directors may delegate to him/her the power to hire personnel as stated in the NMHC By-Laws, as amended on September 23, 2023.

(d) Direct and supervise all administrative and technical personnel activities of the NMHC;

~~(b)~~(e) Except as otherwise authorized by resolution of the Board, the Chairperson and the Corporate Director shall sign all contracts, deed, and other instruments made by this Corporation as stated in the NMHC By-Laws, as amended on September 23, 2023.

~~(c)~~(f) Oversee the administration of the personnel system for the NMHC;

~~(d)~~(g) Act for the Board of Directors in the exercise of its appointing authority under Public Law 20-87, specifically, to draft regulations for Board of Directors' promulgation on procurement, travel, and personnel matters;

~~(e)~~(h) Advise the Board of Directors on all matters concerning personnel management and administration, and employee training;

~~(f)~~(i) Formulate and recommend to the Personnel Committee policies and regulations needed to carry out the NMHC's personnel management responsibilities;

~~(g)~~(j) Lead the development of effective personnel administration practices within the NMHC;

~~(h)~~(k) Perform other tasks and duties required by the position or as assigned by the Board of Directors.

§ 100-50-040 The ~~Office Manager~~Human Resources (HR) Manager/Executive Assistant ("HR Manager")

The ~~Office~~ HR Manager under the supervision of the Corporate Director will provide the administrative and personnel support to management staff and employees of the NMHC. The ~~Office~~ HR Manager will:

(a) Foster and develop, in cooperation with division Managers programs to promote effective personnel management, improve employee efficiency, and increase employee productivity;

(b) Develop and maintain an adequate position classification and compensation plan;

(c) Administer recruitment and selection programs and determine when employees meet specific job qualification requirements;

(d) Provide advice and assistance to management on matters of employee discipline and grievance and appeal procedures;

(e) Assist employees and management in the resolution of employee-management problems;

(f) Develop or arrange training programs to elevate employee skills and increase employee productivity;

(g) Establish and maintain records of all NMHC personnel, maintaining archived records for former personnel;

(h) Interpret and administer this regulation; and

(i) Perform any other activities deemed necessary to assure effective implementation of the personnel management system.

§ 100-50-045 The Personnel Committee

The Personnel Committee shall review personnel policies and make recommendations to improve and enhance the personnel policies of NMHC. The Personnel Committee shall also assist in the following:

(a) Ensure the establishment and maintenance of a comprehensive personnel management plan and personnel regulations for the smooth and effective operation of the NMHC;

(b) Provide advice and assistance on personnel management issues referred by the Corporate Director;

(c) Hold hearings and decide appeals of employees on disciplinary matters, for suspensions of more than three (3) working days, demotions and dismissals from the NMHC. The Committee may utilize the services of qualified hearing officers or other professionals where such services are deemed essential by the Committee. Hearings shall be public except when the appealing employee requests a closed hearing;

(d) Require the presence of witnesses or documents in any matter pending before the Committee.

Part 100 - Staffing

Subpart A - Application and Selection Processes

§ 100-50-101 Introduction

This part covers the staffing elements necessary to acquire, maintain, reassign, promote, and terminate employees of the NMHC. The subparts treat specifically and in detail the regulations which govern in the execution of the respective functions. Merit principles, open competition and, in specific application, employee seniority, shall underlie all considerations in implementing these staffing functions.

§ 100-50-102 Order of Priority for Filling a Job Vacancy

The following order shall be followed in the filling of job vacancies or in the best interest of NMHC:

(a) Internal promotion or transfer of current NMHC employees;

(b) Former NMHC employees on current and valid reemployment priority lists;

(c) Applicants obtained through open competitive job vacancy announcements.

§ 100-50-103 Selected Announcement and Internal Posting of Job Vacancy

All vacant positions will be filled through transfer or promotion of internal NMHC applicants or persons on any current NMHC reemployment priority list before opening a vacancy announcement.

(a) If there are no priority reemployment lists or no interested, qualified, or suitable reemployment applicants, the vacancy will be announced internally for five (5) working days.

(b) Former NMHC employees on current and valid reemployment priority lists will be contacted and advised of the job vacancy.

(c) All reemployment or internal applicants must meet the qualifications for the vacant position and meet standards of suitability that may be established by the Corporate Director.

§ 100-50-104 Competitive Hiring

All hiring shall be competitive and open to the public, except where specifically exempted. Candidates responding to a vacancy announcement will submit to NMHC, by the designated time, their records of education, training, experience and such other information as requested in the announcement, to be evaluated and rated by the ~~NMHC Office~~HR Manager or other designated evaluator. The vacancy announcement shall stipulate the dates of opening and closing of the vacancy competition, the forms to be used for filing, and the address to which the forms and associated information shall be sent.

§ 100-50-105 Non-competitive Hiring

Non-competitive hiring may occur when, in the discretion of the Corporate Director, one of the following conditions or circumstances occur:

(a) The position to be filled requires rare or special qualifications or training for which competition is unnecessary;

(b) There are a lesser number of qualified applicants than there are positions to be filled;

(c) There is a need to place a former employee with reinstatement eligibility.

§ 100-50-106 Vacancy Announcements

Vacancy announcements shall contain, at a minimum, the following information:

(a) Class title, pay and pay level of the position;

(b) Brief description of the duties and responsibilities;

(c) Geographical and organizational location of the position;

(d) Minimum bona fide occupational qualifications for the position to include general experience, specialized experience, and such qualitative evaluation elements as may be deemed appropriate and necessary;

(e) Instructions on how to apply for the vacancy, including place or mailing address to apply, form of application required, and documentary support required; and

(f) Period of the announcement. All announcements shall initially be for fifteen (15) calendar days. This period may be extended by the Corporate Director, if the response has been inadequate, by re-announcing the vacancy in the same manner as the original announcement.

§ 100-50-107 Publicity

Optimum publicity shall be given to vacancy announcements through posting in the NMHC office, on the NMHC website, the CNMI Department of Labor job vacancy website, and at such other places as may be selected by the ~~Office~~ HR Manager (e.g., official bulletin boards in offices or work places, or public announcements through the news media).

§ 100-50-108 Applications for Vacancies

(a) Applications for vacancies shall be made on forms prescribed by the NMHC. Proper completion of applications and submission of supplemental information shall be accomplished in accordance with the instructions on the vacancy announcement and established procedures.

(b) Applications shall be signed and such signature shall certify to the truth of all statements

contained therein. A knowingly false answer or statement shall be grounds for denying consideration or for disciplinary action if the applicant is a current NMHC employee.

(c) Applications for specific positions shall be accepted only during the period specified on the examination announcement. Applications submitted by mail shall be postmarked no later than the announced closing date. Late applications will not be accepted unless approved by the Corporate Director in unusual circumstances.

§ 100-50-109 Disqualification of Applicants

The ~~Office~~ HR Manager, in consultation with the Corporate Director, may deny consideration of an applicant for failure to meet the requirements for the position. Applicants who do not meet the minimum qualifications shall be notified as soon as practical. If an applicant is disqualified following initial designation as eligible, the applicant's name shall be removed from the list of eligible applicants.

§ 100-50-110 Establishment of List of Eligible Applicants

(a) Following the ending of a vacancy announcement, the ~~Office~~ HR Manager shall review all applicants based upon their qualifications relative to the requirements of the announced position. Those applicants who meet the minimum qualifications for the position shall be rated based upon their qualifications and ranked according to their relative standing.

(b) In the event a list of eligible applicants for any position contains less than five (5) names and the Corporate Director deems the range of choice to be inadequate, the ~~Office~~ HR Manager shall announce a new examination.

(c) An open competitive list of eligible applicants shall be created only after it has been determined that no qualified and suitable internal or reemployment candidate is available.

§ 100-50-111 Removal of Names from Lists of Eligible Applicants

The ~~Office~~ HR Manager may remove the name of any person who has been disqualified under § 100-50-109. The name of any person may also be removed if:

(a) The eligible applicant fails to respond within ten (10) calendar days from the mailing or e-mailing date of an inquiry as to availability for employment, or from the date of actual personal contact, provided that the name may be restored for reasons deemed sufficient by the Corporate Director.

(b) The eligible applicant voluntarily withdraws.

(c) There is evidence of physical or mental inability to perform the duties of the position, as indicated by appropriate medical examination.

(d) The eligible applicant is found to be no longer qualified to perform the duties required of the class of position.

(e) Intentional false statements, deception, or fraud is determined to have occurred in the

application or in the interview process by the applicant or any other person involved in the application or selection process.

§ 100-50-112 Selection from Eligible Applicant Lists

(a) Appointments and promotions in the NMHC shall be made from certified eligible lists resulting from open competitive vacancy announcements, except as otherwise provided by this part 100. The list of certified eligible candidates will be prepared for the Corporate Director by the ~~Office~~ HR Manager from among the highest rated applicants in precise numerical order, highest rate first. Where the number of eligible applicants exceeds five (5) names, only the top five (5) names shall be certified. The Corporate Director shall be provided a certified list of the top five (5) eligible applicants for each vacancy. However, when less than five (5) persons comprise a list of eligible applicants, the Corporate Director may accept such lesser number or request the vacancy be re- announced in order to obtain at least five (5) eligible applicants. If more than one (1) position of the same classification must be filled, the number of certified applicants on the list shall be increased by one eligible for each additional position to be filled, where possible.

(b) Where the position has a special requirement which is not a general qualification requirement for that class of position, the ~~Office~~ HR Manager will certify only those eligible applicants who meet that specific requirement.

(c) Only the top five (5) certified applicants will be eligible for job interviews, except in those cases where additional applicants are added to the list of certified eligible applicants.

(d) The Corporate Director shall justify, in writing, for the NMHC's administrative records, the non-selection of any eligible with a higher rating than the candidate selected. Such requirement creates no special standing for the applicant(s) with a higher rating.

(e) If no applicant on the list of certified eligible applicants is determined by the Corporate Director to be suitable for the position, a second listing of the next five (5) highest ranked applicants will be provided for job interviews. The Corporate Director will justify the non-selection as provided in subsection (c). If necessary, the vacancy will be re- announced.

(f) The selected applicant will be notified in writing of his or her selection and when to report for work. All employment will be contingent upon the receipt of a negative result of a pre-employment drug screening that will be arranged for the employee by the ~~Office~~ HR Manager.

(g) No person shall report to work or receive a salary unless an appropriate personnel action has been approved by the Corporate Director.

(h) The job offer will be withdrawn if the selected applicant fails to report for duty within the time prescribed by the Corporate Director.

(i) All non-selected applicants, whether on the certified listing of applicants or not, will be notified of their non-selection.

§ 100-50-113 Duration of Lists of Eligible Applicants

(a) The validity of a certified list of eligible applicants expires upon the hiring of the selected applicant. All applications and supporting documents will be maintained for one (1) year from that date. This retention is required by federal law. Any original documents provided by the applicant may be returned upon request with a copy retained.

(b) The NMHC has no obligation to place any applicant on any subsequent list of eligible applicants without the applicant reapplying and meeting all requirements for application.

§ 100-50-114 Reemployment Priority List

Any person who has held a permanent position in the NMHC and has been demoted or terminated through reduction-in-force shall be permitted to have his/her name placed on a reemployment priority list (provided such person so requests in writing to the Corporate Director). The name of such person shall be placed on the reemployment priority list for the same or related class of position as last held under a permanent appointment. Names shall be arranged on the reemployment priority list in the chronological order of their separation from their respective competitive levels. Names shall be removed from the reemployment priority list at the expiration of three (3) years from the date of separation or demotion, or sooner if such person is reemployed in a position at the same or higher pay level as formerly held in the NMHC. The individual may be removed from the list if such person refuses a reasonable offer of employment. A reasonable offer is of the same position or one equivalent to that last held in the NMHC. Reemployment priority only applies to former NMHC employees who held a permanent classification and does not apply to former contracted or appointed employees.

Subpart B - Positions and Appointments

§ 100-50-120 Types of Positions

All positions within NMHC shall be identified by one of the designations as defined in this Subpart B.

§ 100-50-121 Permanent Position

A permanent position is a full-time or part-time position which is established based upon the continuing need of the NMHC and which is authorized to continue longer than one (1) year.

§ 100-50-122 Temporary Position

A temporary position is a full-time or part-time position which is established based upon a short term program or project need of the NMHC which is authorized to continue less than one (1) year.

§ 100-50-123 Types of Appointments

Appointments are categories of employment in the classes defined in the following that will fill established permanent or temporary positions:

(a) Board of Directors Appointment. The Corporate Director, Deputy Corporate Director and the Chief Financial Officer of the NMHC will be appointed by and serve at the pleasure of the NMHC Board of Directors. Benefits and conditions of employment will be as approved by the Board of Directors and as otherwise authorized or limited by statute. The policies, processes, and protections afforded by these regulations do not apply to a Board of Directors appointed position. The Chairperson shall sign employment contracts for Board of Directors appointed positions.

Contracted Appointment. Key positions within the NMHC, to include the Special Assistant for Housing and LIHTC programs, Mortgage and Credit Division Manager, Office Manager, HR Manager, Program and Housing Division (PHD) Manager, Asset Management Division (AMD) Manager, FSS Coordinator, Executive Assistant to the Board of Directors, Field Office Representatives, and the Chief Accountant will be employed on contracts, not to exceed two (2) years in duration. Special Projects funded by one-time funding from appropriation from the U.S. Congress shall be employed on contract, not to exceed two years in duration. Benefits and conditions of employment will be as provided in the contracted terms and conditions of employment and as otherwise authorized or limited by statute. The policies, processes, and protections afforded by these regulations do not apply to contracted appointees except as included in the contracted terms and conditions of employment.

(b) Probationary Appointment. This is an appointment in which the appointee is selected from a list of eligible applicants resulting from an open vacancy announcement to fill a permanent position. The appointee shall serve a period of not less than six (6) and not more than twelve (12) months from the beginning of the probationary appointment and shall demonstrate a minimum of twenty-six (26) consecutive weeks of satisfactory performance before being eligible for conversion to a permanent appointment. Separations during a probationary appointment do not require adverse action procedures and have no reduction-in-force (RIF) protection.

(c) Permanent Appointment. An employee who has been appointed to a permanent position and who has satisfactorily completed a probationary period is entitled to the full benefits of this regulation. Permanent appointments may be made to less than full-time positions with defined regular work schedules.

(d) Limited-Term Appointment. A limited-term appointment is one in which the appointee is appointed to a temporary position for a period of not more than one (1) year. An employee serving a limited-term may serve in either a full-time or part-time position. Any person given a limited-term appointment must meet the minimum qualifications for the class of position to which appointed and hired through the selection process established in this regulation. If job circumstances require the continuation of a temporary appointment, the Corporate Director shall justify, in writing, to the Personnel Committee, the need for a second continuing limited-term appointment following the expiration of a one--year appointment. A limited-term appointment may not be extended more than one time, but may be converted to a permanent appointment at the end of one (1) year or later, if a permanent need has been determined for the position. To retain the incumbent employee, the employee must have demonstrated 52 consecutive weeks of satisfactory performance.

(e) Provisional Appointment. A provisional appointment is usually limited to ninety (90) days and is used to fill an immediate need in a permanent position in the absence of an appropriate listing of eligible applicants. The Corporate Director may authorize extension of a provisional appointment beyond ninety (90) days for a maximum of one hundred eighty (180) days when the job vacancy announcement fails to make available an adequate number of qualified candidates. Any person given a provisional appointment must meet the minimum qualifications for the class of position to which appointed.

(f) "Acting" Appointment.

(1) An "acting" appointment is the official written designation that an employee will act for a period of up to thirty (30) days in place of a higher-level position. When the absence exceeds the initial ~~thirty~~ 30-day period, a new designation shall be made for an additional thirty (30) days. The 30-day renewal of an "acting" assignment may be repeated until the incumbent returns to the position.

(2) Whenever the "acting" assignment exceeds ninety (90) days, the employee shall be temporarily promoted/appointed to the position if the employee meets the qualifications standards of the position.

i. An employee whose position is reallocated/reclassified to a higher class shall be compensated at the lowest step in the higher pay level which at least equals the amount of a two-step increase in the lower pay level. The rate of compensation cannot exceed the rate of the maximum step in the higher pay level. ~~The anniversary date for within-grade increases and other purposes.~~

§ 100-50-124 Pre-employment Condition Standards

(b) All persons appointed to positions in the NMHC must be mentally and physically capable of performing the duties of the position. Medical examinations or disability-related questions such as a medical questionnaire cannot be utilized until after a conditional job offer has been made to an applicant. A medical exam is defined as a procedure or test that seeks information about an individual's physical or mental impairments or health. Employment can be conditioned on the results of post-offer medical exams or disability-related questions if the criteria examined relate directly to the employee's capability of performing the essential functions of the position. If medical exams or disability-related questions are required, they must be required of all entering employees in the same job class. Exams cannot be required, or medical-related inquiries made, of some applicants and not others.

(c) Persons offered positions within the NMHC must submit to a pre-employment urine test for the presence of drugs. Pre-employment drug tests are not considered to be medical examinations as defined in this section.

§ 100-50-125 Administration of Medical Examinations

Medical examinations and pre-employment drug testing shall be administered by medical personnel authorized by the NMHC to conduct such examinations for employment purposes, and shall be recorded on forms prescribed by the NMHC. The applicant pays for the medical examination and pre-employment drug testing.

§ 100-50-126 Prohibited Actions

(a) Employment of any person without negative testing pre-employment drug testing is prohibited.

i. Including re-employment;

ii. Transfer of employment (from another agency)

(b) Employment of any person without an approved personnel action is prohibited. Supervisors or management officials who permit an employee to report to work without an appropriate and formally approved personnel action shall be held personally liable for any claim for compensation resulting from such improper appointment.

(c) Retroactive personnel actions shall not be made unless approved by the Personnel Committee prior to commencement of such action.

§ 100-50-127 Reemployment

(a) An employee who has successfully completed a probationary period with the NMHC and subsequently left the employment of the NMHC for any reason other than cause shall be granted reemployment eligibility for a period following the separation equal to the employee's total full years of creditable service with the NMHC. This means that the former employee may be reappointed noncompetitively to the former position, if vacant, in the NMHC at the same pay level and step that the employee held upon separation. If re-appointed to a higher class the employee shall be allowed to retain the former pay rate; if to a lower class, the employee shall be allowed to retain the former step in the new pay level.

(b) The possession of reemployment eligibility does not provide the person with any mandatory reemployment rights. This means that the individual may be considered for employment only after persons with higher rating on the reemployment priority list have been considered. If it is in the NMHC's interest and the position is vacant, such person may be reemployed, provided such person meets the non-competitive qualifications for the position to be filled.

§ 100-50-128 Orientation

New employees shall receive a standardized orientation of the NMHC as soon as is practical after being appointed, and at least within one (1) week of appointment.

Subpart C - Merit Promotion Program

§ 100-50-140 Policy

To the maximum extent possible, the Merit Promotion Program (MPP) provides for filling vacancies above the entry level by promotion of highly qualified existing NMHC employees. This policy does not restrict the right of NMHC to fill vacancies by transfer or other means when to do so is in the best interest of the government. In such cases the MPP mandates the meritorious selection of the best qualified candidate.

§ 100-50-141 Definitions

(a) "Position Change": A promotion, transfer or demotion during an employee's continuous service.

(b) "Promotion": The change of an employee to a higher position class and pay level.

(c) "Career-Ladder Position": One of a group of positions in which an employee may be given successive promotions until the employee reaches the full performance level. All employees in positions in a career ladder must be given grade-building experience and training and may be promoted to the next higher level as they demonstrate ability to perform in a wholly adequate manner at the next higher level. Minimum time-in-grade requirements, where established, must be observed in making career ladder promotions.

(d) "Promotion Competitive": Those eligible candidates whose experience, training, and potential substantially exceed the qualification standard for the position to a degree that they are likely to perform in a superior manner.

(e) "Best Qualified Candidates": Those eligible candidates who rank at the top when compared with the other eligible candidates for a promotion within a general group, i.e., qualified or highly qualified.

(f) "Position with Known Promotion Potential": A position which is to be filled below the specified performance level for the position. These may be trainee and understudy positions, career ladder positions, and positions filled one or more levels below the established level.

§ 100-50-142 Scope and Coverage

Competitive promotion procedures apply to:

(a) All competitive positions in the NMHC when filled by promotion.

(b) Any position which will be filled by a candidate at a basic pay level higher than the candidate's last position; and

(1) The position is filled by transfer; and

(2) The position is filled by selection of a permanent NMHC employee from an eligible list following an open competitive examination;

(c) Any position with known promotion potential which is filled by transfer or selection from the reemployment priority list.

§ 100-50-143 Areas of Consideration

NMHC's areas of consideration for the Merit Promotion Program will be limited to NMHC staff from any of its three locations. For positions opened to general consideration of non--NMHC staff, candidates from all islands will be considered unless reasons exist in the NMHC's interest to limit the consideration to a certain area.

§ 100-50-144 Methods of Locating Candidates

When the NMHC processes an open promotion request, it selects the appropriate method or combination of methods for locating. The following methods are generally used, singly or in combination, depending upon the nature of the position and availability of candidates.

(a) Promotional Opportunity Announcement. A published announcement for posting and distribution and given maximum publicity within the area of consideration. The promotional opportunity announcement specifies:
(1) Title, pay level and location of position(s);
(2) Opening and closing dates (not less than fifteen (15) calendar days);
(3) Area of consideration;
(4) Duties of the position, briefed;
(5) Conditions of employment, e.g., night work, hazards, standby, etc.;
(6) Qualification requirements, including selective placement factors, if any;
(7) How and where to apply;
(8) Non-discrimination statement; and
(9) Known promotional potential, if any.

§ 100-50-145 Transfers

An employee may be transferred, without change in pay level, either voluntarily or involuntarily, in order to meet changing NMHC program needs, to promote career development, to provide diversity of experience, or for other reasons. Transfers under this regulation are not subject to the promotion program unless the position to which transferred has known promotion potential. Transfers are made, wherever possible, from among employees who have requested such transfers. However, management may direct lateral transfers when required by the needs of NMHC and in accordance with these regulations.

§ 100-50-146 Qualification Standards

(a) The minimum qualification standards prescribed by the NMHC are used for promotion and recruitment purposes. Selective placement factors also may be used, but only when they are essential to successful performance in the position to be filled. When selective placement factors are used, they become part of the minimum qualifications for the position.

(b) Qualification standards (including any selective placement factors used) must be established and made a matter of record prior to the start of the promotion process for any specific position. All employees who meet the minimum qualification standards (including selective placement factors) have basic eligibility for promotion. The standards must be applied fairly and consistently to all employees being considered.

(c) For supervisory positions, supervisory qualifications are prescribed by the NMHC. They may be supplemented by specific subject matter (non-supervisory) qualification standards for the classification series of the position.

§ 100-50-147 Conditions of Employment

(a) There are conditions of employment which are considered implicit to successful performance in certain positions. These conditions may relate to hours of work, physical or medical standards, maintenance of a license, maintenance of a health standard, availability during off-hours, frequent need to travel and so on. Such conditions should part of the promotion record, the promotion opportunity announcement and the classification standard or, as a minimum, the position description.

(b) Candidates selected for the position must be advised of the conditions and acknowledge those conditions in writing. However, with respect to physical or medical standards, if a candidate claims a disability under the federal Americans with Disabilities Act (ADA), the provisions of the ADA shall be followed, as applicable.

§ 100-50-148 Evaluation Process

(a) Since the Merit Promotion Policy requires that the selection be made from among the best qualified candidates, the evaluation process must go beyond basic eligibility to rank the candidates in meaningful array. When properly used, the evaluation process should:
(1) Provide a sound basis for comparing and judging candidates in relation to the knowledge, skills, abilities, and personal characteristics that contribute to successful performance of the position.
(2) Identify those qualities which demonstrate a candidate's potential for future promotion, when the job being filled leads to further advancement.
(3) Distinguish between the knowledge and skills that an employee must have at the time of promotion and those the employee can acquire quickly after the promotion, through experience and training.

(b) In selecting the proper method of evaluating candidates, recognition should be given to the future staffing needs of the organization as well as the current requirements of the positions to be filled.

§ 100-50-149 Evaluation Measures

The various measures for evaluating candidates are:

(a) Written Tests. Where appropriate, written tests may be used in the evaluation process, but may not be the sole means of evaluation. Written tests must be approved by the Corporate Director.

(b) Appraisal of Performance. A supervisory appraisal must be obtained for every employee who is qualified.

(c) Experience. In evaluating experience the objective is to determine how closely the experience relates to the new position or level of work. Length of service is a factor only when there is a clear and positive relationship with quality of performance.

(d) Awards. In considering awards received by the candidates, the weight assigned must be based on those elements necessary to successful performance for the position to be filled.

(e) Training. An appropriate weight is given for pertinent training, self-development, and outside activities which would increase the employee's potential or effective performance in the position to be filled.

(f) Education. Education may be considered only if it is clearly job-related or if it provides a measure of the learning ability essential for genuine trainee positions.

(g) Qualifications Investigation. A qualification investigation may be used to assist in determining experience, training, degree of responsibility exercised and effectiveness. Inquiries may be made to assist in judging how well a candidate is likely to perform at a higher level or in a different kind of work.

(h) Oral Interview. Individual or group interviews may be held. Oral questions may relate either to subject matter knowledge or to other matters pertinent to the position or the candidate. If oral questions are in the nature of a test, the same questions and sequence must be asked of each candidate and a record of their answers made part of the promotion record.

§ 100-50-150 Selection Procedure

(a) Selection is based on the Corporate Director's judgment of how well the candidate will perform in the position to be filled and the candidate's potential for advancement. When there are less than five (5) names available, the Corporate Director is not required to select someone from the merit promotion certificate. However, if returning the certificate, the selecting authority must state how the position will be filled.

(b) The ~~Office~~ HR Manager notes the name of the person selected on the merit promotion certificate. Reasons for selection do not have to be cited. The ~~Office~~ HR Manager then notifies all eligible candidates of the selection, including the person selected.

(c) When a first-line supervisory position is filled, a determination is made as to the amount of supervisory training needed to meet the standard. The ~~Office~~ HR Manager and the Corporate Director will determine and, where necessary, schedule the training needed to meet the standard.

§ 100-50-151 Information to Employees

(a) Employees' acceptance and support of the NMHC promotion program depends on a large extent on how well they understand its purpose and operation and are aware of its effect on them individually. The program does not guarantee a promotion for every employee, but it does give every employee an opportunity for fair consideration.

(b) New employees will receive promotion program information as part of their orientation. All employees will receive this information again from time to time in meetings and written form.

§ 100-50-152 Employee Questions and Complaints

(a) Employee Questions. Any employee who has filed in response to a promotional

opportunity announcement or who has been considered for promotion may present questions to the ~~NMHC Office~~HR Manager, within seven (7) calendar days after receipt of notification of non-selection. Questions may be submitted in person, in writing, or through a representative. Among other considerations, an employee is entitled to know:

(1) Eligibility requirements for a promotion;
(2) If considered for promotion and, if so, whether found eligible;
(3) Employee may inquire regarding the list of candidates from which selection was made; and
(4) Who was selected for the promotion.

(b) Employee Complaints. If the employee is dissatisfied and the matter cannot be resolved on an informal basis, the employee may have recourse to the grievance procedure. Mere failure to be selected for promotion when proper promotion and selection procedures were used is not a basis for a formal complaint.

§ 100-50-153 Review of Promotion Program

The Personnel Committee appraises the operation of the Merit Promotion Program at least once a year as part of the personnel management evaluation process to assure:

(a) Promotion guidelines and plans are as effective as possible;

(b) The promotion program is useful to management;

(c) Promotion actions are taken promptly and in conformance with the plan;

(d) Employee complaints are handled promptly and properly;

(e) Promotion actions are used effectively to encourage competent employees, to open expanded careers to them, and to make the best use of their skills; and

(f) Employees, supervisors, and managers have a full understanding of the promotion program process.

Subpart D - Separations, Suspensions, and Demotions

§ 100-50-160 General

This subpart applies to separations, suspensions, furloughs, and demotions not resulting from reduction-in-force (RIF).

§ 100-50-161 Separations Not Involving Personal Cause

(a) Resignation.
(1) Resignations shall be in writing and shall be submitted to their managers at least fourteen (14) calendar days in advance of the effective date. Management employees should provide a minimum of thirty (30) days notice or as stated in Exhibit B of his/her employment contract.
(2) The Manager shall submit a copy of the written resignation to the ~~Office~~ HR Manager for processing of the action.

(3) Withdrawal of a resignation may be permitted provided:
(i) The employee's wishes are made known, in writing, prior to the effective date; and
(ii) The Corporate Director agrees to the proposed withdrawal.

(b) Retirement, Voluntary. An employee may be separated for the purpose of voluntary retirement. A voluntary retirement shall follow the same notification process as a resignation.

(c) Exit Interview. An exit interview shall be scheduled and conducted during working hours by the Corporate Director or his/her designee for employees upon notice of resignation or retirement. Such interview shall include questions on the reasons for separation and counseling on benefits. The ~~Office~~ HR Manager shall not process exit documents until the interview is completed. If circumstances make such interview impractical, an employee may ask the Corporate Director to waive this requirement.

(d) Termination for Medical Reasons.
(1) When an employee becomes mentally incapacitated or permanently physically disabled and is unable to satisfactorily perform the essential duties of the position to which assigned, the Corporate Director may terminate the employment, provided:
(i) No suitable reassignment can be made within the NMHC to which the employee is assigned;
(ii) Medical examination fitness-for-duty procedures have been conducted; and
(iii) All adverse action procedures have been followed.
(2) In all cases of termination for reasons of mental incapacity or physical disability, all provisions of the Americans with Disabilities Act (ADA) will be followed.
(3) An employee whose services are terminated under this part may be eligible for disability retirement under the Social Security system. The responsibility for applying for disability retirement rests with the employee, although it is the responsibility of the ~~Office~~ HR Manager to ensure that the employee is aware of such an opportunity.

(e) Voluntary Demotion. An employee may volunteer for demotion to a lower class of position at a lower pay level. The approval of such a request by the Corporate Director must be contingent upon the following factors:
(1) A vacant position in the class and pay level must be available within NMHC.
(2) The employee must meet the qualifications for the position at the level sought and be capable of fulfilling the duties required of the position.
(3) No additional cost shall accrue to the NMHC as a result of or incident to the demotion action.
(4) The salary of the demoted employee in the lower level position shall be set at the same numerical step in the lower level position as the employee received in the higher position.

§ 100-50-162 Disciplinary Actions for Reasons of Personal Cause (Adverse Actions)

The NMHC will utilize management measures to prevent ethical misbehavior and misconduct. Employees, at all levels, will be held accountable for their actions, and disciplinary actions will be used as deterrent and corrective measures to assist in attainment and maintenance of the high standards of ethical and conduct behavior set by the NMHC. Disciplinary actions will be categorized as adverse action, where a tangible change to employment status occurs, and non-adverse action, where no tangible change occurs.

(a) Authority to Take Adverse Action Disciplinary Measures. Unless specified by law, the authority to hire is followed by the authority to effect adverse actions. For this purpose, the designated official will be the Corporate Director.

(b) Authority to Take Disciplinary Measures. Unless otherwise restricted by the Corporate Director, Managers and supervisors are authorized to affect non-adverse action disciplinary measures and to recommend adverse action disciplinary actions. Managers and supervisors will keep the Corporate Director advised of performance and conduct problems. Records of such disciplinary measures will be maintained as a matter of record in the employee's official personnel file.

(c) Employee Coverage. This Subpart applies to all ~~permanent~~ employees of the NMHC but does not apply to Board-appointed, ~~contracted~~, or probationary employees, except where stated elsewhere in this regulation.

(d) Merit of Disciplinary Action. An action against an employee should only be taken under this part for "such cause as will promote the efficiency and the mandates of the NMHC."

§ 100-50-163 Non-Adverse Action Disciplinary Measures

(a) Verbal Admonishment. A verbal admonishment, in the form of a counseling or warning, is an informal disciplinary measure. A Manager or supervisor may discuss at any time minor deficiencies in performance or conduct with the objective of improving an employee's effectiveness. Verbal admonishments shall not be made a matter of record in the employee's official personnel file (OPF).

(b) Written Admonishment. A written admonishment, in the form of a counseling or warning, is also an informal disciplinary measure that normally occurs when minor deficiencies in performance or conduct reoccur after a Verbal admonishment or for a more serious deficiency or incident. When necessary, managers and supervisors may utilize the approved Performance Improvement Plan to bring an employee's performance or conduct up to the desired standard. Written admonishments will be maintained as a matter of record in the employee's OPF.

(c) Reprimand. A reprimand is a formal means of calling to an employee's attention minor deficiencies in performance or conduct which, if continued, may result in further disciplinary measures. It is the first formal step in the disciplinary process. Reprimands are always in writing and should contain specific references to performance deficiencies, citations of instances of misconduct, and a warning that more stern disciplinary measures may be taken if the employee's performance or conduct is not improved. A copy of the reprimand becomes a part of the employee's OPF as a matter of record. There is no recourse to formal appeal processes as a result of a reprimand; however, an employee who feels a reprimand is not justified may resort to the grievance procedure.

(d) Suspension Not to Exceed Three Working Days.
(1) A suspension is an action placing an employee in a non-duty and non-pay status for disciplinary reasons for a period not to exceed three (3) working days. There is no formal appeal from such a suspension, although the employee may resort to the grievance procedure if the

employee feels the suspension is improper or not justified.

(2) A suspension without pay for periods less than five (5) working days shall only be imposed in respect to an employee who is covered by the overtime provisions of the Fair Labor Standards Act (FLSA). An employee who is exempt from the overtime provisions of the Fair Labor Standard Act (FLSA) must receive suspensions without pay in periods of a full five (5) working days, except in situations of misconduct, defined by the FLSA as serious safety or work rule infractions, where a lesser period may be permitted by the FLSA. The period of suspension for an exempt employee for attendance or performance matters shall be served in five (5) working day periods on consecutive days and for entire workweek.

§ 100-50-164 Adverse Action Disciplinary Measures

Adverse action disciplinary measures require the use of the adverse action notification and resolution procedure.

(a) Furlough. A furlough is an action placing an employee in a non-duty and non-pay status because of lack of work or funds. It is an adverse action if for a period of thirty (30) calendar days or less. Furloughs of more than thirty (30) calendar days are reduction-in-force actions and shall be accomplished using reduction-in-force procedures.

(b) Suspension for More than Three (3) Working Days. A suspension is an action placing an employee in a non-duty and non-pay status for disciplinary reasons. The Corporate Director may suspend an employee for such cause as will promote the efficiency of the government service, provided all adverse action procedures are followed.

(c) Removals. Appointing authorities may take removal action against an employee for just cause provided all adverse action procedures are followed.

(d) Removal for Abandonment of Job.

(1) An employee absent without leave (AWOL) without valid reason, for a combined total of ten (10) working days in any twelve (12) month period may be terminated from employment for job abandonment, provided all adverse action procedures are followed.

(2) An employee absent without leave (AWOL) without valid reason, for ten (10) consecutive working days may be considered, in effect, a resignation. Adverse action procedures will not be required. The Corporate Director may elect not to effect such termination, however, if it is determined that circumstances warrant such cancellation. Nothing in this section shall preclude the Corporate Director from taking other disciplinary action against an employee for absence without leave.

~~(2)~~(3) An employee under the probationary period who is absent without leave (AWOL) without valid reason and without proper notification for three (3) workdays will be subject to adverse action up to and including termination of employment for job abandonment.

(e) Demotion/Reduction in Rank or Pay. The Corporate Director may take action to reduce an employee in rank or pay for cause.

(1) "Reduction in rank" means a reduction in status of more than one (1) numerical grade or pay level under the classification system. Basically, it means lowering an employee's relative standing in the organizational structure as determined by the employee's official position

description. An employee's position assignment may be changed only by an official personnel action. When an employee is made the subject of an official personnel action which results in lowering the employee's relative standing in the organizational structure, a reduction in rank has occurred even though there has not been a reduction in class or pay level. Such actions may be taken only under adverse action procedures.

(2) "Reduction in pay" means reduction in basic class and pay level of an employee. The base pay is fixed by law or administrative action. Base pay does not ordinarily encompass extra or additional payment for special conditions or duties which are generally regarded as premium pay or allowances. To reduce class and pay level for disciplinary reasons, such actions must follow adverse action procedures.

(f) Separation during Probation

(1) If it becomes evident during the probationary period that the employee lacks the ability, attitude, or desire to become an efficient and productive employee in the position to which appointed, or there is lack of funds or work to be done, that employee shall be separated from the service. However, if the probationary employee claims that the apparent lack of ability, attitude, or desire is due to a disability under the Americans with Disabilities Act (ADA), the provisions of that act shall be followed, as applicable.

(2) The Corporate Director shall provide the employee with not less than ~~(~~fourteen (14) calendar days' notice, in writing, specifying the reasons for the separation.

(3) Grievance, adverse action, or reduction-in-force procedures do not apply to separations during probation.

§ 100-50-165 Procedure for Taking Adverse Actions

The Corporate Director must observe certain procedural requirements when processing adverse actions covered in this subpart. Procedures for removal, suspension for more than three (3) working days, furlough without pay and reduction in rank or pay are as follow:

(a) The Corporate Director must give the employee at least thirty (30) days' advance written notice of the proposed action. In the event that criminal charges are filed against an employee, the employee may be immediately suspended without pay, reassigned, allowed to take annual leave, or be subject to such other action as management may deem necessary. In the event the charges are dismissed or the employee is found not guilty, the employee may be reinstated with benefits and pay but will not receive retroactive payment or reimbursement for any leave taken.

(b) The notice must state any and all reasons for the proposed action specifically and in detail.

(c) The employee has the right to answer personally and/or in writing. The employee shall be allowed not more than twenty (20) days to answer the notice of proposed action. Three (3) work days within the allowed twenty (20) days shall be official time in which to secure affidavits and prepare an answer.

(d) If the employee answers, the Corporate Director must consider that answer.

If at all practicable, the employee must be kept on active duty in the regular position during the notice period. Based upon the circumstances, however, the employee may be suspended during

the advance notice period and placed on leave without pay (LWOP) or, with the employee's consent, carried on annual leave. An employee whose adverse action is drug-related as prohibited by Part 400, Subpart C, of this chapter will not be permitted to perform any safety-sensitive functions during the notice period.

(e) Management must give the employee a written decision before the adverse action is effected. The decision must state which of the reasons in the advance notice have been found sustained and which have been found not sustained.

(f) The decision must tell the employee of appeal rights.

(g) Advance written notice and opportunity to answer are not necessary if the employee is furloughed due to unforeseeable circumstances, such as sudden breakdowns in equipment, acts of God, or emergencies requiring curtailment of activities.

§ 100-50-166 Summary of Steps for Taking Adverse Actions

(a) Misconduct triggering use of the adverse action procedural system

(b) Corporate Director's letter of proposed adverse action

(c) Employee's answer and/or presentation of evidence

(d) Corporate Director's letter of decision

(e) Employee's written appeal to Personnel Service Committee

(f) Personnel Service Committee hearing (if requested)

(g) Personnel Service Committee decision (administrative remedies exhausted at this point)

(h) Legal recourses

Subpart E - Reduction-in-Force (RIF)

§ 100-50-170 General

A reduction-in-force, defined as the separation, furlough or reduction in class, pay level or hours of work of employees due to lack of work or funds, or other management requirements, but not for disciplinary reasons. The Corporate Director will exhaust all administrative alternatives to resolve the necessitating cause before reduction-in-force procedures are instituted. Adverse action procedures must be used to place an employee in furlough status for thirty (30) days or less.

§ 100-50-171 Policy

The NMHC, within its available resources, will provide job security to every permanent

employee. When it becomes necessary to reduce the workforce, every effort will be made to insure that the reduction is accomplished with a minimum disruption in operations and a minimum negative impact on each employee affected.

§ 100-50-172 Coverage

This subpart applies to all permanent employees of the NMHC, as defined in this chapter. Appointed and contracted employees are not covered by this policy.

§ 100-50-173 Reduction-in-Force Planning

When it becomes evident that a reduction-in-force (RIF) must be implemented, the Corporate Director shall notify the Board of Directors and the Governor of the necessity and provide all employees with written notice of NMHC's intention to take RIF action at least sixty (60) days in advance. The appointing authority shall then institute administrative procedures to assure that all legitimate possibilities for reassignment elsewhere in the government have been exhausted and that formal reduction-in-force is the only remaining alternative.

§ 100-50-174 Competitive Processes

Detailed competitive processes shall be established by the Corporate Director to assure equitable competition, recognition of seniority and tenure and protection of the public interest. For administrative purposes, competition shall be limited by the establishment of competitive areas and recognition of competitive levels.

(a) Competitive Areas. For all positions:
(1) Area 1. Saipan
(2) Area 2. Rota
(3) Area 3. Tinian

(b) Competitive Levels. Competitive levels are comprised of all positions within a competitive area which consist of the same or closely related duties, have essentially the same qualifications, and are in the same class and pay level.

(c) Tenure Groups. For the purposes of reduction-in-force, NMHC employees shall be classed in tenure groups as follows:
(1) Tenure Group I - All permanent employees.
(2) Tenure Group II - Employees serving in a probationary appointment.
(3) Tenure Group III - Employees serving in limited term or provisional appointments.

(d) Competition within a Competitive Level.
(1) When a position is abolished within a competitive level, the incumbent shall displace the employee with the lowest retention standing in that competitive level. Employees in tenure groups III and II in any competitive level will be separated from employment in that order before the separation of any permanent employee in tenure group I.
(2) If an employee whose position is abolished does not have sufficient retention standing to displace another employee, that employee shall be allowed to exercise retreat rights.

(e) Retreat Rights. When an employee has insufficient retention standing to compete within that employee's competitive level, the employee shall compete down the line of promotion. This is known as the exercise of retreat rights. An employee may displace the employee with the lowest retention standing below that of the released employee in the highest competitive level from which promoted. The employee shall continue to compete at successively lower levels along the line of promotion until placed or, if placement cannot be made, separated by reduction-in-force.

(f) Creditable Service for Reduction-in-Force. Only the period of service worked with NMHC will count as creditable service in the calculation of the retention standing.

(g) Retention Standing. Retention standing is derived by allotting one (1) point for each year of creditable service, and an additional two (2) points for each exceptional overall rating of ninety (90) points or better. Missing performance evaluations cannot be made up. In competing with other employees for retention in a competitive level, the individual with lowest retention standing shall be released first.

(h) Reemployment Priority Lists. Employees serving under permanent appointments who are separated by reduction-in-force shall be placed on a reemployment priority list for three (3) years or until returned to duty in a permanent position with NMHC at any level.

§ 100-50-175 Limitations on Competition

Employees who are absent on military leave shall not be placed in RIF competition until they have returned to duty. Similarly, the employee's positions shall not be abolished until the employee returns to duty in that position. The ~~Office~~ HR Manager will keep a record that will assure recognition and protection of the position and its incumbent.

§ 100-50-176 Furlough and Separation

(a) The Corporate Director may use furloughs for more than thirty (30) days if there is reasonable assurance that the employees furloughed will be returned to duty within the next twelve (12) months. If there is reasonable doubt regarding the return to duty of furloughed employees, then the Corporate Director must separate the employees found to be in excess of management's needs and proceed according to reduction-in-force procedures.

(b) A combination of furlough and separation may be used to clear the rolls of excess employees, provided no employee is separated while furloughed employees with lower retention standing are kept in furlough status.

(c) Furlough for thirty (30) days or less may be used for clearing the rolls temporarily, not to exceed thirty (30) days when there is positive assurance that employees so furloughed can return to duty within the thirty (30) day period.

§ 100-50-177 Vacant Positions

During reduction-in-force situations, management has no obligation to fill vacant positions by placement of employees whose positions have been abolished or who have been released from

their competitive level.

§ 100-50-178 Assignment Rights (Bumping)

(a) Due to the specific nature of the NMHC sections, retreat rights are limited to within the employee's section. Assignment rights (bumping) will not be authorized between sections.

(b) Reduction-in-force activities within NMHC will affect NMHC employees only. Service within NMHC will not provide a separated employee with bumping rights elsewhere in the government. Similarly, NMHC will not recognize bumping rights from separated employees who worked outside of NMHC.

§ 100-50-179 Elimination of Function

(a) Function defined. For the purpose of this subchapter function means all, or a clearly identifiable segment, of an entity's mission and the integral parts of that mission, regardless of how performed.

(b) Reduction-in-Force. The elimination of a function is a reduction-in-force action based upon the work no longer being required. The reduction-in-force procedures and protections in this section of the regulation apply.

(c) Employees with retreat rights may exercise those rights.

Part 200 - Employment Processes Subpart A -Employee Grievances

§ 100-50-201 Policy

The NMHC, in accordance with the principles of good management, recognizes the importance of settling employee-management disagreements and misunderstandings promptly, fairly, and in ways that will resolve the issue and maintain the self-respect of both the employee and the management staff. To accomplish this, every effort will be made to settle grievances expeditiously and at the lowest possible level of supervision.

§ 100-50-205 Coverage

This policy will apply to all NMHC employees expressing their concern or dissatisfaction with work-related issues that are not otherwise excluded by this chapter.

§ 100-50-210 Matters Not Covered

The grievance system will not cover the following:

(a) An adverse action separately appealed;

(b) A fitness-for-duty examination;

(c) The content of published NMHC or other government policy;

(d) Non-selection for appointment, promotion, or transfer from a group of properly ranked and certified candidates;

(e) Non-recommendation or disapproval of a merit increase, performance award, or other kind of honorary discretionary award; and

(f) An employee who is serving on probationary status.

§ 100-50-215 Freedom from Restraint

Employees seeking adjudication of their grievances in a reasonable manner and in accordance with this regulation will be unimpeded and free from restraint, interference, coercion, discrimination, or retaliation.

§ 100-50-220 Employee's Right to Representation

The NMHC recognizes that grievances are personal in nature and that aggrieved employees or groups of employees must have the right in presenting their grievances to be accompanied, represented, and advised by representatives of their own choosing. Therefore, in the formal grievance process, as hereinafter defined, the employee or group of employees have the right to be represented by counsel or other representative of their own choosing at their own discretion. If the employee or group of employees chooses to serve as their own representative or to designate a member of the aggrieved group as spokes-person, they may do so.

§ 100-50-225 Role of the Personnel Committee

The NMHC Personnel Committee serves as the ultimate appellate level for grievances of employees or groups of employees. It shall consider only those formal grievances which cannot be settled to the satisfaction of all concerned in accordance with the formal procedure defined in part 200.

§ 100-50-230 Employee's Right to Seek Advice

Sometimes an employee has a valid reason for not taking a grievance to the immediate supervisor. The grievance system, therefore, provides opportunity for an employee to communicate informally with and seek advice from the ~~Office~~ HR Manager and/or a supervisory or management official of higher rank than the employee's immediate supervisor.

§ 100-50-235 Informal Grievance Procedure

(a) The grievance action shall first be initiated by the aggrieved employee who will discuss the problem informally with the supervisor, of if the employee feels the relationship with the immediate supervisor is such that the matter cannot be reasonably discussed, the employee may discuss it with the next level of supervision.

(b) A grievance concerning a particular act or occurrence must be presented within ten (10) calendar days of the date of the act or occurrence or the date the aggrieved employee became

aware of the act or occurrence.

§ 100-50-240 Formal Grievance Procedure

(a) If the grievance is not settled within five (5) calendar days, or if the employee is not satisfied with the decision of the immediate supervisor, the employee or representative may, within the next ten (10) calendar days, put the grievance in writing and submit it to the Corporate Director as a formal grievance. The written representation must contain the following information:

(1) The name of the aggrieved employee and the employee's work section;
(2) The details of the grievance;
(3) The corrective action desired; and
(4) The name of the employee's representative, if any.

(b) The Corporate Director will examine the grievance, discuss it with the grievant or representative, and render a decision, in writing, within fourteen (14) calendar days after receiving the grievance. The Corporate Director may have the employee's immediate supervisor present, if he or she deems it appropriate to the resolution of the grievance.

(c) If the Corporate Director is not successful in settling the grievance to the employee's satisfaction within fourteen (14) calendar days after the grievance was presented to the Corporate Director in writing, the employee may, within fifteen (15) calendar days after receiving written notification of the decision or the failure of the Corporate Director to provide a decision, resubmit the grievance to the Personnel Committee.

(d) If the grievance is against the Corporate Director, the employee may, after attempting to informally resolve the issue with the Corporate Director, formally submit the grievance to the Personnel Committee.

(e) The Personnel Committee shall set a time for its review of the case within a reasonable time after receiving a grievance. If the NMHC Personnel Committee desires to have the grievance heard by a hearing officer, it must inform the aggrieved employee and representative as soon as possible.

(f) In hearings before the Personnel Committee or a hearing officer, the aggrieved employee and/or representative shall be allowed to appear and present the case. An appropriate management representative shall also be allowed to appear before the Committee. Both sides shall have the right to call witnesses in support of their positions and to cross-examine witnesses for the other side. The Committee or the hearing officer shall prepare a summary of the hearing. If both parties desire a formal, written record prepared by a recorder, the cost of such services shall be shared equally. If only one side desires a formal written record of the proceedings, that side shall bear the cost.

(g) The Personnel Committee shall reach a decision and present it formally to the aggrieved employee and the Corporate Director within fifteen (15) working days following the close of the formal hearing. Decision by the NMHC Personnel Committee shall be made by a majority vote of the entire Committee and shall be final.

(h) If the aggrieved employee is dissatisfied with the decision after having exhausted all

administrative appeal levels, the employee has recourse to the courts.

(i) The ~~Office~~ HR Manager shall be kept informed as to the progress of a formal grievance and is responsible for assuring that the time limits established in this procedure are met. The ~~Office~~ HR Manager is also responsible to assure that the formal record of the grievance is assembled into one place, stored, and safeguarded.

(j) The ~~Office~~ HR Manager shall be the final custodian of all records of a grievance and is responsible for their proper storage and security.

Subpart B - Employee Appeals

§ 100-50-245 General

This subpart establishes the NMHC appeals process. Any employee of NMHC may appeal, personally and/or in writing, a decision by NMHC to take adverse action resulting from the disciplinary process, reduction-in-force procedures, or an "unsatisfactory" evaluation of performance.

§ 100-50-250 Rights of the Parties

In any appeal the appealing employee and NMHC have certain rights. These include:

(a) Right to a Hearing.
(1) If an appeal is filed by an employee, both NMHC and the employee will be entitled to a full and fair hearing before the Personnel Committee or a hearing officer designated by the Committee, to present evidence, and to be represented by counsel. At the hearing, although technical rules of evidence shall not apply, the testimony may be recorded, but will not be transcribed. Hearing minutes will be prepared and maintained. The Committee shall present its findings of fact and final decision in writing to all parties.
(2) Only one (1) hearing will be held, unless the Committee determines that unusual circumstances require a second (2nd) hearing. Any evidence presented at the hearing must bear on the issue of whether the adverse action taken was justified and proper.
(3) The Personnel Committee will decide whether or not a hearing is required for an appealed performance rating based upon the written appeal of the employee. Subsection (b) does not apply to performance rating appeals.

(b) Denial of a Hearing.
(1) The Committee may make the determination to deny a hearing on the appeal when a hearing is impractical by reason of extraordinary circumstance. In such cases the Committee will notify both parties in writing of the reason(s) for denying a hearing.
(2) If the Committee determines that no hearing is reasonably possible, NMHC and the employee will be notified to submit, in writing, any additional evidence they desire to present on the issues so that a decision can be made on the record presented.

(c) Freedom from Reprisal or Interference.
(1) The employee and the employee's representative will be free to use the Appeal Process without restraint, interference, coercion, discrimination, or reprisal.
(2) No employee, whether acting in an official capacity for the NMHC or on any other basis,

will be allowed to interfere with, or attempt to interfere with, another employee's exercise of rights under this subpart. The spirit as well as the letter of the requirement must be enforced. In addition to abstaining from overt acts or interference, the official is prohibited from making any statement or taking any action that has the appearance of a threat, interference, or intimidation.

(d) Employee Representation. Employees have the right to present at an appeal without representation or to be accompanied, represented, and advised by a representative of their choice. Employees may change their representative, but must notify the Committee of the change, in writing. Employees may select other government employees as their representative, provided that such employees are willing to represent them and are not disqualified because of conflict of position or unavailability to serve in that capacity because of priority needs of, or unreasonable cost to, their employee agency, as determined by the desired representative's appointing authority. Employees are free to select their representative from outside the government service, but entirely at their own expense.

(e) NMHC Representation. NMHC's representative at a hearing will be the Corporate Director or his or her designee, if the employee does not have an attorney-representative. NMHC's legal counsel or the Attorney General's designee will represent NMHC if the employee does have legal representation.

(f) The Personnel Committee may retain an attorney or other professional to assist the Committee with legal, human resource management, or other necessary expertise.

(g) Employee Entitled to Official Time to Prepare an Appeal.

(1) An employee will be entitled to one (1) day of official time-off as administrative leave to prepare the appeal, if the employee is otherwise in an active duty status. The employee's work on the appeal will take place outside the NMHC work premises.

(2) If the employee's representative is an employee of NMHC, the representative will also be entitled to one (1) day of official time to help prepare the appeal if otherwise in an active duty status.

(3) Both the employee who is appealing and the employee who is acting as representative shall make arrangements with the ~~Office~~ HR Manager for the use of official time. Leave forms will be utilized.

(4) If the representative is a government employee from another agency, it is the employee's responsibility to determine if that agency will allow them time off to assist with the appeal.

(5) If preparation requires more than one (1) day off from work, the employee must request annual leave or unpaid time. If the appeal involves complicate issues that require extensive preparation time, the employee may request additional time, up to three (3) additional days, from the Personnel Committee.

(6) The employee may view and request copies of any documents being used to support the adverse action being appealed. These copies will be provided at the employee's expense.

Part 300 - Position Classification and Compensation

Subpart A - Position Classification

§ 100-50-301 General

All positions subject to the provisions of the NMHC Personnel Management System shall be classified in accordance with the approved NMHC Position Classification Plan.

§ 100-50-302 Definitions

(a) "Position Classification": the process by which employment positions in an organization are identified, described and defined according to their duties and responsibilities, with like positions segregated into groups called "classes." A systematic record is made of the classes found and a listing is made of the particular positions found to be of each class.

(b) "Class."
(1) "Class" means one position or a group of positions sufficiently similar in respect to their duties, responsibilities, and authority that the same title may be used with clarity to designate each position allocated to the said class. The same standard qualifications may be required of all incumbents, the same test of fitness may be used to choose qualified employees, and the same schedule of compensation may be applied with equity under the same or substantially the same employment conditions of a given class; although sufficiently dissimilar from any position or any other group of positions to warrant exclusion from those groups of positions.
(2) The class title assigned to a position in accordance with the Position Classification Plan shall be the official title and will be used for all personnel, budgetary, and financial purposes, and should be used for all position organization charts.

(c) "Position": the work, consisting of duties and responsibilities assigned by competent authority for performance by an employee.

(d) "Position Classification Plan": classes of positions arranged in a systematic order to reflect all of the kinds and levels of work utilized in the NMHC Personnel Management System.

(e) "Allocation": the assignment of a position to its appropriate class on the basis of analysis of the duties and responsibilities of the position.

(f) "Reallocation": a position change resulting from a change of duties and responsibilities over a period of time, not a result of planned management decision and action.

(g) "Reclassification": change of a position or group of positions to a different class as a result of a change in assigned duties and responsibilities, classification standards, or as a result of correcting a classification error.

(h) "Class Specification": an official position classification plan document description of the general characteristics of a class, and includes the official class title, a detailed description of the scope of duties and responsibilities of the class, specific examples of work or typical duties performed, and a statement of the qualifications required to perform the work of the class.

(i) "Occupational Group": a major subdivision of a position classification plan, generally embracing several series of classes of positions in associated or related work specialties, professions or related activities. (For example, "Clerical and Machine Operation" and "Administrative, Management, and Allied" are occupational groups.)

(j) "Series of Classes": classes closely related as to occupational specialty but differing in

level of difficulty, responsibility, and qualifications required. (For example, the three (3) classes of Loan Specialist I, Loan Specialist II, and Loan Specialist III taken together make up a series of classes.)

(k) "Position Description": a formal, official written statement by management which documents the description, assignment, or arrangement of the duties ~~and~~ , responsibilities, knowledge, skills, abilities, education, and experience requirements of the ~~of a~~ position.

(l) "Desk Audit": a formal review of a position to determine if the duties being performed are consistent with the job description and grade level assigned.

~~(m) "Position Description": document defining the duties, knowledge, skills, abilities, education, and experience requirements of the position.~~

§ 100-50-304 Principles and Policy

(a) The basic principles underlying the position classification system are:
(1) Equal pay for equal level of responsibilities, qualification requirements, and difficulty in differing position's assigned duties; and
(2) Variations in pay in proportion to differences in difficulty, responsibility, and qualification requirements of the work.

(b) The NMHC Personnel Management System's position classification program applies these principles in response to management's expressed needs and in support of mission accomplishments. Changes in classification shall not be made for the purpose of raising or reducing pay, but only to reflect clear and significant changes in duties and responsibilities. Supervisors and managers are expected to organize the work of their organizations and structure the positions so that vacancies can be filled at the lowest level at which qualified applicants can be obtained.

§ 100-50-306 Responsibilities

(a) The Corporate Director
(1) Ensures the development of a classification program which supports management's objectives, meets legal and regulatory requirements, and promotes participation by operating officials in the classification process.
(2) Provides advice and assistance to management on the classification aspects of position structure needed to carry out the NMHC mission.
(3) Ensures the conduct of periodic reviews to evaluate the effectiveness of the classification program and directs corrective action where appropriate.
(4) Approves new classification standards, revises existing standards as needed, seeks the advice and counsel of an experienced desk auditor, as needed.
(5) Groups positions into classes on the basis of their similarities in duties, responsibilities, and other significant factors.
(6) Assigns a title to each class which shall apply to all positions in the class; prescribes the characteristics of each class; and sets the standards for employment in any position in the class subsequent to consultation with the personnel committee and the appropriate management officials.

(7) Changes a position from one class to another where substantial changes have occurred in the duties and responsibilities.
(8) Determines the status of occupants of positions which have been changed from one class to another.
(9) Delegates authority to the degree the Corporate Director deems appropriate, to the Deputy Corporate Director, ~~Office~~ HR Manager, or other NMHC management staff, to review and modify position descriptions which have been approved and allocated within the classification plan.

(b) Managers and Supervisors
(1) Plan, organize, develop, and assign duties and responsibilities to positions, whether occupied or vacant;
(2) Consider the mission of the organization and structure positions for accomplishment of requirements in the most effective and economical manner possible;
(3) Ensure that assigned duties and responsibilities do not duplicate or overlap those of other positions;
(4) Assure that duties and responsibilities assigned to positions are completely and accurately described in position descriptions in full and sufficient detail for position classification and all related purposes;
(5) Assist employees to accomplish the foregoing.

(c) The ~~Office~~ HR Manager
(1) Develops, prepares, maintains, and submits to the Corporate Director, as required, factual and up-to-date functional statements and organizational position charts which clearly depict such information as assigned organizational and/or supervisory responsibility, organizational segment identification,
(2) Develops and maintains listings of positions, employee names with official class titles and pay levels for the positions to which assigned, the title and pay levels of vacant positions which are funded and approved, and other similar essential details.

§ 100-50-308 Position Planning

Managers and supervisors are responsible for position planning. The supervisor analyzes the work to be accomplished, decides on work or production methods, and determines the requirements for supervision, special technical support, qualitative and quantitative controls, and review and evaluation. A well-defined position has clearly defined operation, tasks, duties, authorities, responsibilities, and supervisory relationships.

Subpart B - Compensation

§ 100-50-310 General

All employees of the NMHC shall be compensated in accordance with Commonwealth laws. Classified employees shall be assigned salaries commensurate with similarly graded positions at public housing agencies or agencies that administer federal programs in the U.S. and the provisions of this chapter. The NMHC compensation plan shall follow the base salary schedule as presented in the comparable salary study and as approved by the NMHC Board of Directors (authority given in PL 18-74).

§ 100-50-312 Compensation Plan

The classes in the position classification plan, when assigned to appropriate pay levels of the base salary schedule as established, shall constitute the basic compensation plan. The Corporate Director shall assign all classes in the position classification plan to appropriate pay levels in the base salary schedule in accordance with the following:

(a) Kind and level of work;

(b) Degree of difficulty and responsibility;

(c) Kind, quality, and level of qualification requirements;

(d) Relationship to other classes in its occupational group and of its occupational group to other occupational groups.

§ 100-50-314 Periodic Review of Compensation Plan

The Corporate Director shall periodically ensure the conduct of necessary and appropriate studies of rates of compensation and compensation practices at public housing agencies or agencies that administer federal programs in the U.S. and in the Commonwealth and recommend to the Personnel Committee any recommended changes to the NMHC Compensation Plan. Following such review, the Committee shall make recommendations to the Board of Directors for any possible changes to the NMHC ~~c~~Compensation ~~p~~Plan.

§ 100-50-316 Establishing Salary upon Appointment

(a) Salary shall be fixed at the first step of the appropriate pay level upon initial appointment. Should a higher rate be deemed necessary to recruit, and is appropriate to the qualifications of the applicant, the salary may be fixed at any succeeding step not to exceed the last step ~~9~~. An initial salary above step 1 of the pay level must be approved by the Corporate Director. An initial salary above the last step ~~9~~ of the pay level must be approved by the Personnel Committee with the recommendation by the Corporate Director.

(b) When a person is reemployed after a break in service of one (1) or more days into a position in a class and pay level lower than the highest class and pay level previously held, the salary may be set in the lower grade at the highest previous step held.

(c) When a person is reemployed after a break in service of one (1) or more days into a position in a class and pay level higher than the highest class and pay level previously held, the salary may be set in the higher grade at a step-level equivalent to two steps higher than the highest previous step held.

(d) All initial salaries are contingent upon budgeted and available funding and may be limited accordingly, notwithstanding (b) and (c) above.

§ 100-50-318 Promotions

An employee who is promoted from a position in one class to an existing position in a higher class shall be compensated at the lowest step in the new pay level which at least equals the amount of a two-step increase in the old pay level. The rate of compensation must not exceed the rate of the maximum step in the higher pay level. The effective date of the promotion shall be the new service anniversary date for the promoted employee. Denials of promotions in one class to an existing position in a higher class by the Corporate Director may be appealed to the Personnel Committee. Retroactive promotions shall not be made except when directed by a decision of the Personnel Committee pursuant to an employee's appeal.

§ 100-50-320 Temporary Promotions

A temporary promotion is utilized when it is anticipated that an employee will temporarily occupy a position for a period in excess of ninety (90) calendar days. An employee can be temporarily promoted only if such employee meets the qualifications standards of the new position. The employee temporarily promoted shall be compensated at the step in the new pay level which is at least equal to an increase of two steps at the current pay level. The employee must be informed in advance and agree, in writing, that at the expiration of the temporary promotion, the employee will be returned to the former salary (level and step) that s/he would be receiving had the employee remained in the former position. No temporary promotion shall exceed a period of one year.

§ 100-50-322 "Acting" Assignment

(a) An "acting" assignment is the designation, in writing, that an employee will act for a period of up to thirty (30) calendar days in place of a supervisor. When the supervisor's absence exceeds the initial thirty-day period, a new designation shall be made for an additional thirty (30) days. This thirty-day renewal of the acting assignment is repeated until the supervisor returns to the position. Whenever the acting assignment exceeds ninety (90) days, the employee shall be temporarily promoted if the employee meets the qualifications standards of the position. If the acting assignment exceeds ninety (90) days and the employee does not meet the qualifications standards of the position, the employee shall be compensated with two steps in the current pay level, but may not exceed the maximum step.

(b) When an employee in the classified service is designated for an acting assignment to a contracted position, the employee shall be required to resign from the classified service in order to accept the said acting assignment. While in the acting assignment, the employee shall be entitled to receive a salary equivalent to the salary received by the previous incumbent of the position if the employee meets the qualifications for the contracted position, or a two--step temporary increase if the employee does not.

(c) Upon expiration of the acting assignment, the employee will be reinstated to the former position and salary (level and step) that the employee would be receiving had the employee remained in the former position.

§ 100-50-324 Demotion

(a) An employee demoted because of abolishment of position or reallocation of position to

a lower pay level, except at the employee's own request, shall be compensated at the salary rate which does not exceed the employee's current pay rate. Where the employee's current rate exceeds the rate of the maximum step of the lower pay level, the employee shall be compensated at such maximum step. An employee demoted as a disciplinary measure shall have his/her compensation reduced to the corresponding step of the lower pay level.

(b) An employee demoted at his/her own request shall have pay set at the step in the lower pay level which corresponds to the step held in the higher level.

§ 100-50-326 Transfer

An employee who is transferred to a different position within the NMHC at the same pay level shall receive no change in compensation.

§ 100-50-328 Effect on Service Anniversary Date

An employee's service anniversary date will not be affected by a transfer, acting assignment, or temporary promotion.

§ 100-50-330 Reallocation/Reclassification of Position to Higher Pay

An employee whose position is reallocated/reclassified to a higher class shall be compensated at the lowest step in the higher pay level which at least equals the amount of a two-step increase in the lower pay level. The rate of compensation cannot exceed the rate of the maximum step in the higher pay level. The anniversary date of the new reallocation/reclassification shall become the employee's new anniversary date for within-grade increases and other purposes.

§ 100-50-332 Effective Date of Position Changes

The effective date of all position changes shall be the beginning of the first pay period immediately following the approval of the action by the Corporate Director. Exceptions to this rule may be made by the Corporate Director only for such reasons as will expedite NMHC's business and not result in an inequitable situation.

§ 100-50-334 Within-Grade Increases

(a) Within-grade increases may be granted to permanent employees upon completion of fifty-two (52) consecutive calendar weeks of satisfactory performance.

(b) A recommendation for within-grade increases is initiated by an Employee Evaluation Form that is prepared by the division manager and then forwarded to the Corporate Director for review and final approval, subject to budget and funding availability.

~~(a)~~(c) The effective date of all within-grade increases shall be the beginning of the pay period immediately following the final approval of the Corporate Director. Exceptions to this rule may be made by the Corporate Director only for such reasons as might expedite NMHC's business and not result in an inequitable situation.

~~(b)~~(d) Permanent employees who are assigned to work part-time will be eligible for a within-

grade increase only at such time as the cumulative total of all hours worked equates to a standard work year of 2,080 hours and such work has been satisfactory. Employees who are employed on an intermittent basis are not eligible to receive within--grade increases.

~~(c)~~(e) The effective date of a within-grade step increase shall be the first day of the first pay period following completion of the required waiting period.

~~(d)~~(f) A former employee reemployed with a break in service begins a new waiting period for a within-grade increase from the date of rehire.

~~(e)~~(g) Time served during temporary, limited term, or provisional status shall not be counted toward the required waiting period in receiving a within-grade step increase, except that employees holding temporary promotions will be eligible for any within- grade increase due to their permanent position, and the temporary salary may be adjusted accordingly.

§ 100-50-338 Overtime Compensation

(a) Compensatory Time and Control. Any employee who exceeds forty (40) hours actually worked in an established one-week pay period shall be compensated for the hours in excess of 40 at the rate of one and one-half (1.5) times the regular rate of pay, except as provided in this section.

(b) Exceptions. Bona fide executive, administrative, and professional employees are exempt from payment for overtime. These terms shall have the meanings given them in the federal Fair Labor Standards Act of 1938, as amended (FLSA). Under special circumstances such as: declared CNMI emergency declarations; CNMI disaster declaration; Presidential declared disaster declaration; or congressionally-federally-funded programs that have obligatory and expenditure deadlines, the Corporate Director may authorize the payment of overtime, and contingent on funding availability.

(1) Every personnel action or request therefore to appoint, promote, or transfer an individual to a position shall be endorsed by the ~~Office~~ HR Manager as either "FLSA covered" or "FLSA exempt," and the latter term shall only apply to bona fide executive, administrative, or professional employees. The criteria used in justifying such exemptions must be documented in the employees' job descriptions. Every examination announcement, promotional opportunity announcement, or other vacancy announcement for a position that is FLSA exempt shall indicate that the holder of that position is not eligible for payment for overtime. If changes in a job description effectively change an employee's coverage or exemption under the FLSA, a special personnel action shall be prepared to document such change.

(2) In addition to the above exceptions, no employee shall be eligible to receive overtime pay for any hour for which the typhoon emergency differential is paid.

(c) Hours Actually Worked. Overtime compensation will only be paid for hours actually worked in excess of 40 hours a week. Paid leave, annual or sick, or holidays shall not be included in the computation of hours actually worked, except for administrative leave allowed to serve on government boards and commissions. Time during which an employee is required to remain at a prescribed workplace shall be included in the hours actually worked, even if no work is performed.

(d) Payments Included in Determining Regular Rate of Pay. The regular rate of pay shall include consideration of the following compensation for employment:

(1) Basic pay (one-eightieth of biweekly salary) for the first 40 hours actually worked in the workweek, including work on a holiday (but not the amount also paid for holiday leave), and including basic pay for work during a typhoon emergency (but not the amount also paid for administrative leave), regardless of whether actual compensation during such emergency is higher because any such work was performed outside of regular duty hours; and

(2) Any hazardous work differential earned during the workweek; and

(3) Any night work differential (which can only be earned during regular scheduled shifts and duty hours); and

(4) Any premium earned for remaining on call for duty during a regularly scheduled period in excess of a forty hour week; and

(5) Payment for housing or transportation to and from work that is paid to the employee or the fair value of those benefits, if they are provided directly by the government, pro-rated to determine the amount for that workweek. The fair value shall be the amount specified for tax purposes.

(e) Compensatory Time-Off. If funds are not available for overtime compensation, compensatory time-off may be granted at the rate of one and one-half (1.5) hours for each hour actually worked of overtime, provided that:

(1) The request for compensatory time-off must be pre-approved by the Division Manager and the Corporate Director before work is performed; and

(2) The employee signs a statement agreeing to compensatory time-off in place of overtime; and

~~(1)~~(3) The employee must exhaust all accrued compensatory time-off prior to use of any accrued annual leave; and

~~(2)~~(4) The maximum authorized accumulation of compensatory time-off is 150 hours (100 hours of work time at one and one-half (1.5) times). When an employee has accumulated 150 hours of compensatory time off, ~~all overtime must be paid in cash~~the employee will not be permitted to accrue compensatory time off; and

(5) An employee's request to use compensatory time-off must be granted within a reasonable time unless the ~~responsible official~~Division Manager determines that time off would be unduly disruptive to operation of the activity; and

(6) Compensatory time-off must be taken before the Pay Period 26 of each calendar year. Unused accrued compensatory time after Pay Period 26 will be forfeited; and

~~(3)~~(7) Division Managers are responsible for monitoring compensatory time-off balances for their respective staff; and

~~(4)~~(8) Accrued balances of compensatory time-off at the termination of employment will not be paid out ~~must be paid at the average basic pay of the employee over the last three (3) years of employment or the final basic pay, whichever is higher.~~; and

(9) Compensatory time-off cannot be carried "off the books" through any in-house agreement or arrangement. All time work shall be officially recorded.

~~(5)~~

(f) Reduction and Control of Overtime. Intelligent and responsible control of overtime is a continuing management function and certain steps are to be taken by all appointing authorities and supervisors to reduce overtime. Overtime work should be directed to a specific objective or goal, and should not be work that can be completed during the regular workday, or postponed to

the following day or days. Avoid use of compensatory time-off. Excessive use of compensatory time-off will take employees away from the workplace in the future and create a need for more overtime.

(g) Approval of Overtime. Overtime must be approved, in advance, by the Corporate Director on forms prescribed by the NMHC.

(1) An employee who is suffered or permitted to work overtime without authorization shall be paid, because the time represents an obligation of the NMHC.

~~(1)~~(2) Employees who take unauthorized overtime will be subject to disciplinary action which may include suspension and/or termination.

~~(2)~~(3) The responsible management official has an obligation to discourage overtime which is not approved, and must take disciplinary action, when appropriate, against an employee who works overtime without authorization.

(4) As a general policy, an employee who has taken annual or sick leave or who plans to take annual or sick leave within the same work week will not be scheduled to work overtime.

~~(3)~~(5) In the event that overtime work in unforeseen due to emergency circumstances is performed, overtime may be permitted provided that the Corporate Director is informed through written communication of such incident by the respective Division Manager.

(h) Supervisors Working Overtime. As a general policy, management officials should refrain from directing supervisory personnel to work overtime.

(i) Supervision of Overtime Work. In the event three or more employees are directed to work overtime, a supervisor must be present to ensure proper utilization of the overtime period.

§ 100-50-340 Standard Work Week

The standard work week commences on Monday at 7:30 a.m. and ends on the following Friday at 4:30 p.m. of each week. Depending on the needs of the agency, the Corporate Director may authorize an alternate work week for key staff.

§ 100-50-342 Use of Non-standard Work Week

Non-standard work weeks may be used to provide continuity of service, flexibility of work scheduling, or to fulfill other needs in NMHC's interest. Schedules for non-standard work weeks shall be devised, in advance, by the Corporate Director, not to exceed forty (40) hours per week. When it becomes necessary to change an employee from a standard work week to a non-standard work week, every effort will be made to give the employee notice three to five working days in advance of the effective date of the change.

§ 100-50-344 Holidays

All NMHC employees shall receive leave with pay on each legal holiday.

(a) Payment for Work on Holidays: An employee required to work on a legal holiday shall be compensated at the base salary rate or the adjusted base salary rate for the hours actually worked, and shall also be paid for the holiday leave with pay.

(b) Holiday Pay in a Non-standard Work Week. When holidays fall on a regular non--work day for employees whose basic work week is other than the standard work week, the work day immediately preceding or succeeding the holiday shall be designated (as determined by the employee's manager) as the holiday in lieu of such holiday which occurs on the employee's scheduled non-work day:

(1) Such employees who have designated holidays in lieu of the official holiday shall, if possible, be excused from duty on the designated holiday.

(2) Such employees who are required to work on their designated holiday shall receive the basic salary rate for work performed on that day, and shall also receive holiday leave with pay.

§ 100-50-346 Merit Increase

(a) An employee with an overall exceptional performance rating may additionally be granted a merit increase not to exceed one step increase in the base salary upon completion of fifty-two (52) consecutive calendar weeks of sustained superior work performance. Such additional merit increase shall not alter the waiting period required for qualifying for the next within-grade step increase. No employee shall be compensated above the maximum step prescribed for the employee's pay level except where the employee was receiving such compensation pursuant to law.

(b) A recommendation for a merit increase is prepared and signed by the manager, and then forwarded to the Corporate Director for review and final approval.

(c) The effective date of all merit increases shall be the beginning of the pay period immediately following the final approval of the Corporate Director. Exceptions to this rule may be made by the Corporate Director only for such reasons as might expedite NMHC's business and not result in an inequitable situation.

§ 100-50-348 Premium Pay

(a) On-call. Employees who are required to remain on-call to duty outside of their regular working hours shall be fit to report for duty while on call and shall be paid a premium of one dollar and fifty ($1.50) cents per hour they are scheduled to be on-call, provided that:

(1) Employees shall be compensated for hours actually worked instead of receiving an on-call premium for all hours in which they are required to be at a prescribed work place; and

(2) Hours of on-call duty must be for a regularly scheduled period of time in excess of the regular forty (40) hour work week. On-call schedules must be submitted to the timekeeper before the beginning of the work week involved; and

(3) There is a bona fide reason (i.e., the imminent destruction from a tropical storm or typhoon) for the employee to be on call; and

(4) Eligibility to be placed on-call is for a period of one year, and may be renewed for additional one--year periods.

(b) Typhoon Emergency. Employees who are required by the NMHC to work in a location and during a period of time in which a typhoon or tropical storm emergency has been declared by the Governor shall be compensated as follows:

(1) For the employee's regularly scheduled work hours during which other NMHC employees are released from work as a result of the emergency, the employee shall receive pay for administrative leave, and shall also receive pay for the actual hours worked; and

(2) For all other hours such employees are required to work while such declaration of emergency shall remain in force, compensation shall be at the rate of two and one-half (2.5) times the base salary rate. Employees being paid typhoon emergency differential are not eligible to receive any other premium pay or overtime pay for the same time period.

§ 100-50-350 Approval of Premium Pay or Differentials

Proposals to either begin or discontinue premium pay differentials shall be submitted on a request for personnel action to the Corporate Director for review and approval. The request must be accompanied by a letter of justification addressing each of the criteria required to support the particular differential. Discontinuance of differentials does not constitute a "reduction in pay" and does not require a formal adverse action. The Corporate Director may initiate proposals to begin or discontinue premium pay differentials.

§ 100-50-352 Bar to Dual Compensation or Dual Employment

(a) When an employee is engaged in government work other than in the employee's regular position with NMHC, such employee shall be
(1) Placed in LWOP from the regular position, or
(2) Continue the NMHC salary provided employee resigns from the other government position.

(b) Exception: When an employee is engaged as a classroom teacher outside the employee's regular work day to teach adult basic education or classes for the Northern Marianas College, such employee shall be paid for work as a teacher at the prevailing rate. Other exceptions may be made upon proper justification with the specific written approval of the Corporate Director.

§ 100-50-356 Timekeepers

It is essential that the NMHC have available accurate data concerning the time and attendance of employees. This information assists forecasting of future personnel needs and analysis of current practices. To provide the needed information, it is necessary that competent timekeepers be appointed and certified.

(a) Appointment and Certification of Timekeeper. The Corporate Director shall appoint not less than two timekeepers from among the NMHC employees on Saipan. Upon the appointment, each timekeeper will undertake a course of instruction in timekeeping procedures as provided by the Office of Personnel Management of the Civil Service Commission. No person may perform the duties of timekeeper without such certification.

(b) Duty of the Timekeeper.
(1) Each timekeeper will be responsible for recording and certifying time and attendance records of the assigned employees. Timekeeping duties shall be accomplished during regular working hours. Overtime shall not be authorized for timekeeping. The timekeeper will also record and certify leave time taken by any assigned employee. The method of recording and certifying time, attendance, and leave shall be as prescribed by the Office of Personnel Management training.
(2) Time and attendance records, kept by the timekeeper, are subject to audit by the

Corporate Director or his designee at least once a year. Noncompliance to the timekeeping procedures taught in the certification training may subject the timekeeper to immediate decertification and appropriate disciplinary action(s) as provided in these regulations.

(c) Protection of Timekeeper. It is essential that timekeepers be able to fulfill their duties without harassment. No person may attempt to coerce, threaten, or otherwise attempt to hinder the timekeeper. Any person violating this provision shall be reported promptly by the timekeeper to the Corporate Director. Any person violating this provision may be subject to disciplinary actions as provided in these regulations or criminal sanctions.

(d) Employees' Rights to Challenge Timekeeping Records. Any employee who wishes to challenge the accuracy of any timekeeper's records may institute an employee appeal under the grievance procedure.

Part 400 - Employee Management Processes Subpart A - Communications

§ 100-50-401 General

The NMHC is committed to the policy of participative management. This means that employee views and opinions shall be actively sought. Managers and supervisors shall not take any steps, either covertly or overtly, which will diminish participation by employees in the management process through communication of ideas, comments, and suggestions to their supervisors and superiors. To this end, supervisors and managers shall make positive and continuing efforts to communicate with the employees in the following ways:

(a) Formally, through:
(1) The annual employee review system and the performance evaluation process;
(2) Staff meetings or other assemblies called for the purpose of informing subordinates; concerning the status of work and programs and discussion of current matters of mutual interest;
(3) Such other devices as may be initiated by managers and supervisors to enhance communications.

(b) Informally, through:
(1) Frequent contact with employees at their work site to exchange comments concerning progress of work;
(2) Maintaining an "open door" policy which encourages employees to bring to the attention of supervisors and managers those problems of mutual concern;
(3) Adopting a helpful and supportive attitude toward the incentive awards program, especially the beneficial suggestion program;
(4) Passing along, promptly, to higher levels of management, complaints and concerns of employees which cannot be resolved or corrected at the lower levels of supervision;
(5) Resolving promptly those matters which fall within the authority of the supervisor;
(6) Encouraging morale and esprit de corps by:
(i) Occasional brief group meetings to recognize events and communicate plans of mutual interest to the employees in that office; and
(ii) Occasional social gatherings of employees and their families for picnics or holiday celebrations to promote better understanding and cooperation.

§ 100-50-402 Role of the Corporate Director

The Corporate Director shall:

(a) Monitor and guide managers and supervisors in the above listed actions to facilitate good intra-agency communications;

(b) Designate the ~~Office~~ HR Manager to monitor employee relations through advising managers and supervisors in such areas as:
(1) Advising supervisors and managers concerning effect and import of regulations concerning employees' rights and privileges, management's rights, employee conduct and performance appeals, grievances and communications;
(2) Advising and counseling employees concerning benefits to include the group life insurance, the group health insurance, and worker's compensation;
(3) Advising all employees on the impact of law and regulations concerning the personnel management function; and
(4) Advising all employees concerning conflict of interest as denounced in this subchapter.

Subpart B - Emotional and Mental Health

§ 100-50-404 General

(a) This subpart deals with employee conduct and performance when outside influences, other than substance abuse, adversely affect employees' effectiveness. These influences include, but are not limited to, the following:

Politics	Family problems	Legal concerns
Employee-supervisor conflict	Divorce Employee-employee conflict	~~Legal concerns~~
Perceived personal crisis	Financial problems	
Retirement crisis	Death in family	

(b) Early recognition of deteriorating performance or conduct is a vital first step in the NMHC's program to help troubled employees retain or resume their place as productive members of the work force. Early recognition is also an integral part of supervision. Because the immediate supervisor must assume such a key role in helping troubled employees, this subpart is prepared to help the supervisor:
(1) Recognize early signs indicative of personal problems;
(2) Deal in an appropriate manner with employees whose work is suffering because of personal problems; and
(3) Make employees aware of sources of help within the organization and community.

(c) This subpart does not deal with substance abuse. Subpart C describes for the NMHC's policy on creating an alcohol and drug free workplace.

§ 100-50-406 Policy on Emotional and Mental Health

(a) As employer, the NMHC is concerned with any personal or social situation which interferes with the individual employee's mental and physical well-being, or interferes with the efficient and safe performance of assigned duties, reduces dependability, or reflects discredit on

the NMHC.

(b) It is the NMHC policy to offer assistance through confidential counseling and referral guidance when indicated. This assistance includes but is not limited to such areas as emotional problems, family and marital problems, indebtedness, interpersonal conflicts (employee-supervisor, employee-employee) and crisis situations, where it is determined by the employee or management that these problems adversely affect employee health and performance.

(c) Supervisor must take care not to make decisions for employees or give guidance beyond their professional capabilities. For non-work-related situations, the supervisor should guide the employee to seek professional assistance.

(d) Assistance available to employees voluntarily seeking help for substance abuse problems is described in subpart C for sick leave, annual leave, or leave without pay which may be granted for approved programs of treatment, counseling, or rehabilitation. The confidential nature of records in these cases will be maintained in the same manner as medical records.

§ 100-50-408 Action by Supervisors and Managers

(a) Supervisors and managers must be alert to indications of deteriorating performance on the part of employees under their supervision. Some of the indications which may occur are:
(1) A marked change in behavior. This may show up as emotional outbursts, chronic irritability, excessive fatigue, or rule violations.
(2) Frequent short-term absences, notably the afternoon of pay day or the following Monday;
(3) Repeated incidents leading to work-related accidents or damages;
(4) Frequent complaints related to health;
(5) Chronic inability to get along with fellow employees; or
(6) Excessive problem drinking.

(b) Upon identification of presumed problems, the supervisor should approach the employee to determine the cause of performance change. Should such an approach be rebuffed, which is likely, the supervisor should continue to observe the employee's performance, recording occurrences which tend to support the supervisor's feeling that the employee is troubled. If the conduct continues for a lengthy period, the supervisor must again counsel with the employee and, if the employee is unresponsive, refer the matter to the Corporate Director.

§ 100-50-410 Action by the Corporate Director

Upon referral of a case to the Corporate Director by a supervisor, the Corporate Director should contact the Community Guidance Center or other appropriate agency for assistance. Once arrangements for assistance have been made, the Corporate Director should seek out the employee and counsel the employee to seek appropriate help. If the employee is agreeable, the Corporate Director should notify the supervisor concerned so that arrangements can be made for the employee to seek help. If the employee is not agreeable, the Corporate Director should advise the employee that he or she is responsible for the consequences of their actions and if the unsatisfactory performance continues, disciplinary action may result. Actions taken should be properly documented and maintained in the official personnel folder or the confidential medical file, as appropriate.

§ 100-50-412 Further Actions

Should an employee's conduct and performance continue to deteriorate and the supervisor is convinced beyond a reasonable doubt that the cause is other than alcohol abuse or drug dependence, the supervisor should consult again with the Corporate Director. The Corporate Director should then seek assistance from an appropriate practitioner at the Community Guidance Center, the Commonwealth Health Center or other appropriate agency. Disciplinary action may be taken as provided under these regulations.

Subpart C - Alcohol and Drug-Free Workplace

§ 100-50-414 General Policy

(a) As an employer, the NMHC recognizes it has a responsibility to its employees and the public it serves to take reasonable steps to assure safety in the workplace and in the community. Furthermore, the NMHC is concerned about the adverse effect that alcohol and drug abuse have on safe and productive job performance. It also recognizes that any employee, whose ability to perform safely and productively is affected by the use of alcohol and other drugs, jeopardizes the integrity of the workplace and the achievement of the NMHC's mission. To maintaining an alcohol and drug free workplace, employees shall not be under the influence of alcohol, illegal drugs, cannabis, or controlled substances during business hours, whether or not consumed on NMHC premises and whether or not consumed out of or during working hours.

(b) The NMHC realizes that alcoholism, problem drinking, and drug addiction are treatable illnesses. The NMHC, therefore, encourages employees who have problems with drugs or alcohol to utilize all available resources to resolve their problems before those problems affect their job performance.

§ 100-50-416 Procedure

The NMHC understands and accepts its obligation to maintain a workplace free of alcohol and illegal drugs. To ensure that the objectives of this policy are met, the NMHC will actively implement and maintain a drug-free program. The program will have the following elements: collection and testing, education and guidance, referral and rehabilitation.

The NMHC adopts the CNMI Government's "Alcohol and Drug Free Workplace Policy, NMIAC 10-20.2-414" (CNMI Drug Policy) and subsequent changes thereto, with the following revisions:

§ 100-50-418 Testing Occasions

(a) Administrative or disciplinary hearings and any decisions regarding this policy will be conducted by the Corporate Director and the Personnel Committee as provided in these regulations.

(b) References in the CNMI Drug Policy to the Director of Personnel Management means the NMHC Corporate Director as applied to NMHC except those noted in these regulations.

(c) Random Testing

NMHC has elected to implement random testing of not less than every three (3) months, of randomly selected employees in sensitive positions as provided in this section will be required to submit to breath-tests for alcohol and urine tests for cocaine, cannabis, opiates, amphetamines, and phencyclidine. The testing will be done during on-duty time. Except as otherwise provided, the NMHC shall pay for the testing.

(1) Sensitive positions designated for random testing. NMHC employees whose job functions relate to public health and safety are identified to occupy sensitive positions subject to testing. Such positions are characterized by critical safety or security responsibilities as related to the mission of NMHC (i.e., use of moving machinery, transportation of goods and persons, use of NMHC vehicles, or to enter or be in the dwelling of an NMHC tenant or Section 8 client). The job functions associated with such positions directly and immediately relate to public health and safety. Such positions are identified for random testing because employees occupying these positions are in a position to expose fellow employees or the general public to a heightened risk of harm, or may present harm to tenants and their families. The Corporate Director shall establish and maintain a listing of such positions for random testing according to the following criteria:

(a) Any employee whose regular job function calls for them to operate machinery or a vehicle in the regular course of their employment; or

(b) Any employee whose regular job function may require to enter or be in an inhabited dwelling of NMHC.

(2) Method of selection. Affected employees will be selected by a statistically valid method such as a random number table or computer-based random number generator that is matched with employee Social Security numbers, payroll identification numbers, or other comparable identifying numbers. The selection of such employees will be performed by Office of Personnel Management based on employee listings provided by the NMHC Corporate Director or designee pursuant to an agreement with OPM.

(3) Number to be tested. No more than twenty-five (25) percent of all employees in sensitive positions as provided in this section shall be required to submit to both breath-alcohol testing and urine testing. The actual percentage will be determined at the beginning of each fiscal year by the Corporate Director and the ~~Office~~ HR Manager after reviewing the NMHC's prior positive testing rates, reasonable suspicion and post-accident events, and referrals for service.

(d) Collecting and Testing Breath Specimens shall be as provided in NMIAC§10-20.2-426 (c)(d).

(e) Report to NMHC

The Medical Review Officer (M.R.O.) shall report all positive and negative urine drug test results, in a manner to assure confidentiality, to the NMHC Corporate Director. Other than as specified above, the M.R.O. shall not release the results of drug tests to any other individual without a written release from the tested employee.

§ 100-50-424 Prohibited Conduct

The following conduct or activity is prohibited by the NMHC and employees violating this provision will be subject to disciplinary action:

(a) Sale, Purchase, Possession with Intent to Deliver, or Transfer of Alcohol or Illegal Drugs.

No employee shall sell, purchase, or transfer; attempt to sell, purchase, or transfer; or possess with the intent to deliver, any illegal drug while on NMHC property, in any NMHC vehicle or on any NMHC business.

(b) Possession of Illegal Drugs. No employee shall possess any illegal drug while on NMHC property, in any NMHC vehicle, or on any NMHC-related business.

(c) Possession of Open Containers of Alcohol. No employee shall possess an open container of alcohol in any vehicle while on NMHC properties, in any NMHC vehicle, or on any NMHC-related business.

(d) Under the Influence of Alcohol or Illegal Drugs. No employee shall be under the influence of alcohol or any illegal drug when at work, or reporting to work with the intention of working. As used in this subsection, alcohol includes any alcohol found in any prescription or non-prescription drug such as cough syrup used other than as directed by the physician or normal usage per nonprescription directions. An employee is presumed to be under the influence of alcohol or an illegal drug if:

(1) The employee has a B.A.C. of 0.02 or more;

(2) The employee has a detectable amount of any illegal drug in his or her urine;

(3) The employee uses alcohol or any illegal drug while on call when the employee knows he or she may be called upon to perform NMHC-related functions; or

(4) The employee uses alcohol or any illegal drug within four hours prior to reporting to work and expects to perform NMHC-related functions.

§ 100-50-426 Refusal to be Tested

No employee required to be tested for drugs or alcohol under any provision of this subpart shall refuse to be tested. The following conduct shall be considered a refusal to be tested:

(a) Refusing in writing to submit to testing after receiving clear and specific written notice of the requirement to be tested;

(b) Refusing verbally, in front of at least two witnesses, to submit to testing after receiving clear and specific written notice of the requirement to be tested;

(c) Failing to timely provide an adequate specimen for testing, without a valid medical explanation, after receiving clear and specific written notice of the requirement to be tested. An M.R.O. or consulting physician shall determine if there is any medical reason for failure to provide an adequate urine sample (shy bladder) or an adequate breath sample (shy lung);

(d) Engaging in conduct that clearly obstructs the specimen collection process;

(e) Failing to remain available for post-accident testing, or leaving the scene of an accident before a testing decision is made. An employee may leave the scene of an accident only to obtain necessary medical care or assistance in responding to the accident. If the employee leaves the scene, the employee must notify his or her supervisor as soon as possible of his or her location and reason for leaving the scene;

(f) Consuming alcohol or illegal drugs after an accident and before a testing decision is made;

(g) Failing to report, during the work shift in which an accident occurred, an accident which could have resulted in a testing decision; or

(h) Failing to report to the specimen collection site timely after being informed of the requirement to be tested.

§ 100-50-428 Other Actions Violating this Regulation

(a) Giving False Information. No employee shall give false information about a urine specimen or attempt to contaminate or alter the specimen.

(b) Refusal to Comply with Treatment Recommendations. No employee shall fail to comply with recommendations for treatment or after-care made by an M.R.O. or Substance Abuse Professional (S.A.P.) as a consequence of a prior positive drug or alcohol test result.

(c) Failure to Notify NMHC of Conviction. No employee shall fail to notify the ~~Office~~ HR Manager of any criminal drug statute conviction.

§ 100-50-430 Refusal to be Tested; Penalties and Consequences

(a) Disciplinary Action. An employee committing any act prohibited by this procedure shall be subject to an appropriate form of discipline, depending on the circumstances.

(1) Generally. Where an employee commits any act prohibited under this subpart, the employee shall be disciplined up to and including removal. At a minimum, the employee shall receive a formal reprimand. If the prohibited act committed by the employee relates to the use or possession of alcohol or illegal drugs, the employee shall be referred to an S.A.P. for assessment and treatment.

(2) Serious offenses. The following acts, even for a first offense, will result in an immediate disciplinary action for removal:

(i) The sale, purchase, possession with intent to deliver, or transfer of illegal drugs, or the attempt to sell, purchase, or transfer of illegal drugs;

(ii) Being involved in an accident at the job site, during working hours, resulting in a fatality while under the influence of alcohol or illegal drugs;

(iii) While performing and about to perform duties in a safety sensitive position, being under the influence of alcohol or illegal drugs;

(iv) An unexcused refusal to be tested;

(v) Giving false information, contaminating, or attempting to contaminate a urine sample;

(vi) Failing to notify the proper authority of conviction for a drug;

(vii) Testing positive for alcohol or illegal drugs within five years of a prior positive test; or

(viii) Breaching any term of a return to duty contract executed under the provisions of this procedure.

(b) Counseling Concerning Treatment Options. Those employees not removed from NMHC service after committing any act prohibited by this procedure shall be informed of resources available for evaluating and resolving problems associated with the use of alcohol and illegal drugs. At a minimum, the supervisor or ~~Office~~ HR Manager shall give the names, addresses, and telephone numbers of local substance abuse professionals and substance abuse counseling or

treatment programs. The employees will then be required to fulfill all the specified steps of treatment before being considered ready for return to duty.

(c) Report to Department of Public Safety. NMHC shall report an employee committing any act prohibited by law to the Department of Public Safety for possible criminal prosecution.

(d) Duty/Pay Status Pending Disciplinary Action. Unless the employee was involved in an accident resulting in a fatality, an employee subject to a disciplinary action for committing any act prohibited by this procedure, shall be allowed to remain on the job pending resolution of any proposed disciplinary action but shall not be allowed to perform a safety-sensitive function, even if that means assigning the employee duties the employee would not otherwise be performing. An employee subject to a disciplinary action for committing any act that resulted in a fatal accident shall be placed on leave without pay pending resolution of the disciplinary action for removal.

§ 100-50-432 Return to Duty Procedures

Requirements. No employee who has tested positive for the presence of alcohol or illegal drugs shall be allowed to return to work until the employee has:

(a) Complied with treatment recommendations of an M.R.O. or S.A.P. and been released for work by an S.A.P. in consultation, when appropriate, with the M.R.O. or a consulting physician;

(b) Tested negative in a subsequent test paid for by the employee for the presence of alcohol, if the removal from duty was due to alcohol use; or cocaine, cannabis, opiates, amphetamines, and phencyclidine, if the removal from duty was due to drug use; and

(c) Agreed to execute a return to duty contract.

§ 100-50-434 Return to Duty Contract

The return to duty contract shall include the following provisions:

(a) Aftercare. An agreement to comply with aftercare and follow-up treatment recommendations for one to five years, as determined appropriate by the employee's S.A.P;

(b) Follow-up testing. An agreement to unannounced alcohol or drug testing, depending on the substance which resulted in the removal from duty, paid for by the employee, for one to five years, as determined appropriate by the employee's S.A.P., but there shall be no fewer than six (6) tests in the first year after the employee returns to work;

(c) Compliance with Rules. An agreement to comply with NMHC rules, policies, and procedures relating to employment;

(d) Term. An agreement that the terms of the contract are effective for five (5) years after the employee's return to duty; and

(e) Breach of Contract. An agreement that violation of the return to duty contract is grounds

for termination.

§ 100-50-436 Administrative Considerations

(a) Confidentiality. The NMHC shall not knowingly disregard an employee's right to confidentiality in matters relating to alcohol or drug testing or otherwise neglect his or her responsibilities under this procedure.

(b) Job Security Maintained. Employees shall not have job security or promotional opportunities jeopardized solely because of a request for a drug or alcohol treatment referral.

(c) Required Documentation. Although voluntary referrals or referrals made prior to testing are kept strictly confidential, documentation of poor performance or disciplinary actions taken due to drug or alcohol abuse shall be included in the employee's personnel file.

(d) Authority/Responsibility.
(1) Management/supervisory employees at all levels are responsible for implementing program elements to ensure that the objectives of the program are communicated to all employees and that problems are handled in a confidential, timely, and professional manner.
(2) The ~~Office~~ HR Manager will:
(i) Ensure that all employees are given a copy of the NMHC's personnel regulation and policy and procedures;
(ii) Be responsible for establishing management and employee alcohol and drug free workplace training programs.
(iii) Liaise with the Commonwealth government's Alcohol and Drug Free Workplace Coordinator, testing facilities, and the medical review officer;
(iv) Additionally, the Administrative Division will be the central contact point for company interaction with the employee assistance programs and for maintaining documentation on rehabilitative actions.

Subpart D - Employee and Management Responsibilities

§ 100-50-438 Code of Ethics for NMHC Personnel Service

(a) All employees of NMHC shall:
(1) Put loyalty to the highest moral principles and the country above loyalty to persons, party, or government office.
(2) Uphold the laws applicable in the Commonwealth and in all subdivisions thereof and never be a party to their evasion.
(3) Give a full day's labor for a full day's pay; giving to the performance of duties earnest effort and best thought.
(4) Seek to find and employ more efficient and economic ways of getting tasks accomplished.
(5) Never discriminate unfairly by the dispensing of special favors or privileges to anyone, whether for remuneration or note; and never accept, for him/herself or his/her family, favors or benefits under circumstances which might be construed by reasonable persons as influencing the performance of his/her governmental duties.
(6) Make no private promises of any kind binding upon the duties of office, since a

government employee has no private word which can be binding on public duty.
(7) Engage in no business with the government, either directly or indirectly, which is inconsistent with the conscientious performance of governmental duties.
(8) Never use any information coming confidentially in the performance of governmental duties as a means for making private profit or benefitting others.
(9) Expose corruption wherever discovered.
(10) Uphold these principles, ever conscious that public office is a public trust.

(b) In addition, custodians of federal funds shall maintain a written code or standards of conduct which shall govern the performance of their officers, employees, or agents engaged in the award and administration of contracts supported by federal funds. No employee, officer, or agent of the grantee shall participate in the selection, or in the award or administration of a contract supported by federal funds if a conflict of interest, real or apparent, would be involved. Such a conflict would arise when the employee, officer, or agent, or an organization which employs, or is about to employ, any of the above, has a financial or other interest in the firm selected for award. The grantee's and contractor's officers, employees, or agents shall neither solicit nor accept gratuities, favors, or anything of monetary value from contractors, potential contractors, or parties to subagreements. To the extent permitted by law or regulations, such standards of conduct shall provide for penalties, sanctions, or other disciplinary actions for violations of such standards by the grantee's officers, employees, or agents, or by contractors or their agents.

(c) The NMHC expects its employees to be representatives of its legal self. Like any other employer, it has the right to expect the employees to foster its business and well- being. The government's, inclusive of NMHC, first business is the maintenance of law and order at all times (even after regularly scheduled working hours) because without law and order, the government's goals and objectives cannot be realized. An illegal or dishonorable act of an agent or employee may degrade and embarrass the government and the NMHC and lessen their effectiveness.

(d) To protect its credibility and rapport in the community, the NMHC has the right to take administrative action as necessary and justifiable against employees who violate its laws or detract from its policies. Such administrative action is aside from any court action which may ensue from a criminal act or omission.

(e) It is a mistake for anyone to believe that good discipline is simply a matter of enforcement by those at the head of the administration. Good discipline requires employee leadership, not only enforcement procedures. Most of all, it involves the active support of the employees. The employees of NMHC, as a group, have a greater stake in improving the quality of the NMHC's service than any other interested party. An organization can take genuine pride and provide an opportunity to find a meaningful outlet for abilities and an opportunity for advancement in accordance with employee contribution. Leadership which meets these needs of employees will have no difficulty getting employee support.

(f) So that all employees will understand the standards of conduct that are expected of them, these principles are set forth in this subpart. Officials and employees of the NMHC are reminded that they must not only avoid wrong-doing in the conduct of their official duty, but must, with equal care, also avoid the appearance of wrong-doing. Acts which have the appearance of wrongdoing are prohibited equally with actual acts of wrong-doing.

(g) Each employee shall avoid situations in which his/her private interests conflict with or raise a reasonable question of conflict with his/her duties and responsibilities at work. An employee shall avoid any action, whether or not specifically prohibited, which might result in or create the appearance of using the government or NMHC for private gain, giving preferential treatment to any person, impeding company efficiency or economy, making an NMHC-related decision outside of official channels or by exceeding authority, or affecting adversely the confidence of the public in the integrity of the government or NMHC.

§ 100-50-440 Policy on Employee Conduct

(a) The maintenance of the highest standards of honesty, integrity, impartiality, and conduct by NMHC employees is essential to assure the proper performance of NMHC business and maintain the confidence of citizens in the NMHC.

(b) Employees of the NMHC are expected to comply with all laws and regulations. Legal requirements are essentially concerned with official conduct, i.e., behavior of the employee in the course of or in relation to official duties. NMHC employees are required to conduct themselves in such a manner that the work of the NMHC is effectively accomplished and to observe the requirements of courtesy, consideration, and promptness in dealing with or serving the public or its business clientele.

(c) Personal and private conduct of an employee (as opposed to official conduct), that reflects adversely upon the dignity and prestige of the NMHC, is also a matter of concern to management. All employees are expected to cultivate those personal qualities which characterize a good civil servant-loyalty to the government and NMHC, a deep sense of responsibility for the public trust, and a standard of personal deportment which will be a credit to the individual and the NMHC.

§ 100-50-442 Subordination to Authority

An employee is required to carry out the announced policies and programs of the Commonwealth and the NMHC. While policies related to work are under consideration, the employee may, and is expected to, express opinions and points of view; but once a decision has been rendered by those in authority, the employee will be expected unreservedly to assure the success of programs which it is the employee's responsibility to effectuate. If the employee fails to carry or out any lawful regulation, order, or policy, or deliberately refuses to obey the proper requests of superiors having responsibility for the employee's performance, the employee is subject to appropriate disciplinary action.

§ 100-50-444 Management Responsibility

The NMHC shall establish and maintain internal procedures by means of which all employees are adequately and systematically informed of the content, meaning, and importance of the regulations in this subpart. Copies of the regulations in this subpart shall be given to each employee within ninety (90) days from the effective date of these regulations and to new employees upon entrance to duty. The Corporate Director shall remind his or her employees of the regulations in this subpart periodically, at least once annually, through a publication or memorandum issued to all employees.

§ 100-50-446 Employee Responsibility

(a) It is the responsibility of employees to familiarize themselves and to comply with the regulations in this subpart. Employees are expected to consult with their managers and the ~~Office~~ HR Manager on general questions they may have regarding the applicability of the regulations, both on specific ethical and conduct matters and for guidance on questions of conflict of interest.

(b) Each employee represents the NMHC to the community and is expected to conduct himself/herself at all times so that his/her actions will not bring discredit upon the NMHC. Employees shall not engage in criminal, infamous, dishonest, immoral, or notoriously disgraceful conduct or other conduct prejudicial to the NMHC. Such conduct can adversely affect their continued employment with the NMHC.

(c) The employee shall at all times observe the local laws which govern the CNMI and shall also respect the culture and traditions of the Commonwealth and its peoples. The employee is responsible for his/her actions at all times, whether during or after working hours.

(d) The NMHC shall not be responsible for assisting the employee if he or she violates the local or federal laws, and neither shall it be held financially responsible for the negligent action of the employee other than as provided by law.

(e) Discrimination and harassment will not be tolerated. Any employee of this company while in the performance of his or her duty who discriminates against or harasses any other employee, or allows such harassment or discrimination to take place, because of race, creed, color, ancestry, membership in a labor organization, political affiliation, place of origin, disability, sex, religion, age, sexual orientation, or veterans status, will be subject to disciplinary action in accordance with the provisions of this subpart.

§ 100-50-448 Disciplinary and Other Remedial Action

(a) Violations of the regulations in this subpart by an employee may be cause for appropriate disciplinary action which may be in addition to any penalty prescribed by law.

(b) Every effort must be made to follow a program of progressive discipline, imposing disciplinary actions of increasing severity if continued disciplinary –infractions occur. However, serious offences will be responded to with an appropriate disciplinary consequence.

(c) The steps of the NMHC's progressive discipline program are provided in part 200, subpart D of this chapter.

(d) The goal of progressive discipline must be to correct unacceptable behavior while being objective and fair in administering disciplinary actions. All actions should treat the offense and not the person.

§ 100-50-450 Conflict of Interest

(a) The NMHC expects that all employees will avoid activities that create a conflict of

interest with their responsibilities to the NMHC. Employees should use good judgment, professional commitment, and moral ethics to protect themselves and the NMHC from potential conflicts. Employees have a duty and responsibility to conduct work-related matters solely for the benefit of the NMHC.

(b) Examples of conflict of interest include, but are not limited to:
(1) Outside activities that have negative effect on an employee's ability to perform the job requirement of his/her position at the NMHC.
(2) Outside jobs or business interests that are in competition with the company's business.
(3) Outside activities that involve the use of confidential information learned directly or indirectly through employment at the NMHC.
(4) Use of NMHC position to obtain private gain for the NMHC employee or his or her immediate family member.

(c) Failure to report a potential conflict of interest and/or refusal to resolve such conflict may result in disciplinary action, including discharge.

(d) The NMHC reserves the right to determine when an activity conflicts with the NMHC's interests and to take whatever remedial action is necessary to resolve the conflict. Such actions might include:
(1) Changes in assigned duties;
(2) Divestment by the employee of the conflicting interest;
(3) Disciplinary action; and/or
(4) Disqualification for a particular assignment.

(e) Remedial action, whether disciplinary or otherwise, shall be effected in accordance with any applicable laws or regulations.

§ 100-50-452 Ethical and Other Conduct and Responsibilities of Employees

(a) Gifts, Entertainment, and Favors.
(1) Except as provided in subsections (b) and (c) of this section, an employee shall not solicit or accept, directly or indirectly, any gift, gratuity, favor, entertainment, loan, or any other thing of monetary value, from a person who:
(i) Has, or is seeking to obtain, contractual or other business or financial relations with the NMHC;
(ii) Conducts operations or activities that are regulated by the NMHC; or
(iii) Has interests that may be substantially affected by the employee's performance of official duty.
(2) Except as specifically authorized by law, employees are not authorized to accept on behalf of the NMHC voluntary donations or cash contributions from private sources for travel expenses, or the furnishing of services in-kind, such as hotel accommodations, meals, and travel accommodations.
(3) The prohibitions of subsection (a) do not apply in the context of obvious family, non-official, or personal relationships, such as those between the parents, children, or spouse of the employee, when the circumstances make it clear that it is those relationships, rather than the business of the persons concerned, which are the motivating factors.
(4) An employee may accept food and refreshments of nominal value on infrequent

occasions in the ordinary course of a luncheon or dinner meeting or other meeting or on an inspection tour where an employee may properly be in attendance.

(b) An employee may accept loans from banks or other financial institutions on customary terms to finance proper and usual activities, such as home mortgage loans.

(c) An employee may accept unsolicited advertising or promotional material such as pens, pencils, note pads, calendars, and other items of nominal intrinsic value.

(d) An employee shall avoid any action, whether or not specifically prohibited by this subpart, which might result in, or create the appearance of:
(1) Using public office for private gain;
(2) Giving preferential treatment to any person;
(3) Impeding NMHC efficiency or economy;
(4) Losing independence or impartiality;
(5) Making a NMHC decision outside official channels; and/or
(6) Affecting adversely the confidence of the public in the integrity of the NMHC.

(e) An employee shall not solicit a contribution from another employee for a gift to an official superior, or accept a gift from an employee receiving less pay. However, this subsection does not prohibit a voluntary gift of nominal values or donation in a nominal amount made on a special occasion such as marriage, illness, or retirement.

(f) An employee shall not accept a gift, present, decoration, or other thing from a foreign government unless authorized by law or by the Constitution.

(g) This section does not prohibit receipt of bona fide reimbursement, unless prohibited by law, for actual expenses for travel and such other necessary subsistence as is compatible with this part for which no NMHC payment or reimbursement is made. However, an employee may not be reimbursed and payment may not be made on the employee's behalf, for excessive personal living expenses, gifts or entertainment, nor does it allow an employee to be reimbursed by a person for travel on official business under NMHC orders when reimbursement is prescribed by law.

§ 100-50-454 Outside Work and Interests

(a) Policy: Outside work is permitted to the extent that it does not prevent an employee from devoting the employee's primary interests, talents, and energies to the accomplishment of work for the NMHC or tend to create a conflict between the private interests of an employee and official responsibilities. The employee's outside employment shall not reflect discredit on the NMHC.

(b) Definitions:
(1) The term "outside work" means all gainful employment other than the performance of official duties. It includes, but is not limited to self-employment and working for another private business (including personally owned businesses, partnerships, corporations, and other business entities).
(2) The term "active proprietary management" refers to a business affiliation in which

substantial ownership is coupled with responsibility for day-to-day management efforts.

(3) A "conflict of interest" is one in which an NMHC employee's private interests, usually of an economic nature, conflict or raise a reasonable question of conflict with the employee's public duties and responsibilities. Potential conflict of interest is prohibited and is to be avoided whether it is real or only apparent.

(c) Restrictions: An employee shall not engage in outside activity incompatible with the full and proper discharge of the duties and responsibilities of the employee's NMHC employment. Any activity involving an incompatibility of interest is prohibited. Any work assignment or employment affiliation which might encourage on the part of members of the general public a reasonable presumption of a conflict of interest falls in this category. Incompatible activities include but are not limited to:

(1) Acceptance of a fee, compensation, gift, payment of expenses, or any other thing of monetary value in circumstances in which acceptance may result in, or create the appearance of conflicts of interest.

(2) Outside employment which tends to impair an employee's mental or physical capacity to perform NMHC duties and responsibilities in an acceptable manner. An employee shall not receive any salary or anything of monetary value from a private source as compensation for services to the NMHC.

(d) Among other things, abuse of leave privileges to engage in outside work shall be treated as an interference with official performance. Active proprietary management of any except the smallest business is questionable because of the probability that such management responsibilities may interfere with the employee's obligations to the employee's primary employer, the NMHC. Employees are especially urged to seek the advice of the ~~Office~~ HR Manager or Corporate Director before committing themselves to such activities.

(e) An employee shall not perform outside work:

(1) Which is of such a nature that it may be reasonably construed by the public to be the official act of the NMHC.

(2) Which involves the use of NMHC facilities, equipment, or supplies of whatever kind.

(3) Which involves the use of official information not available to the public.

(f) While an employee is not prohibited from performing outside work solely because the work is of the same general nature as the work the employee performs for the NMHC, no employee may perform outside work:

(1) If the work is such that the employee would be expected to do it as a part of regular duties.

(2) If the work involves active proprietary management of a business closely related to the official work of the employee.

(3) If the work for a private employer is of the same type or closely akin to that involved in the program responsibilities of the office in which the employee is employed.

(4) If the work would tend to influence the exercise of impartial judgment on any matters coming before the employee in the course of official duties.

(g) This section does not preclude an employee from:

(1) Participation in the activities of political parties not prescribed by applicable law.

(2) Participation in the affairs of, or acceptance of an award for, meritorious public contribution or achievement given by a charitable, religious, professional, social, fraternal, non-

profit educational, recreational, public service, or civic organization.

§ 100-50-456 Financial Interests

(a) An employee shall not:
(1) Have a direct or indirect financial interest that conflicts with NMHC duties and responsibilities.
(2) Engage in directly or indirectly, a financial transaction as a result of, or primarily relying on, information obtained through NMHC employment.

(b) This section does not preclude an employee from having a financial interest or engaging in financial transactions to the same extent as a private citizen not employed by the NMHC, so long as it is not prohibited by law, the Constitution, or the regulations in this part.

§ 100-50-458 NMHC Property

General Responsibility. Employees shall be held accountable for NMHC properties and money entrusted to their individual use in connection with their official duties. It is their responsibility to protect and conserve NMHC property and to use it economically and for official purposes only.

§ 100-50-460 Information

It is the policy of the NMHC to accord the public access to information about its activities and to make available to the public records of the NMHC except in cases where the disclosure of the record is prohibited by statute or constitutes an invasion of privacy of any individual concerned, or the record is exempt from the disclosure requirements, and sound grounds exist which require application of an applicable exemption.

§ 100-50-462 Gambling, Betting, and Lotteries

While on NMHC-owned or leased property or while on duty for the NMHC, an employee shall not participate in any gambling activity including the operation of a gambling device, in conducting a lottery or pool, in a game for money or property, or in selling or purchasing a numbers slip or ticket, unless the activity has prior approval by the NMHC Board of Directors and is a required NMHC duty.

§ 100-50-464 Other Types of Conduct

(a) Negotiations for Post-NMHC Employment.
It is the policy of the NMHC that employees shall not, without proper clearance, negotiate for future non-NMHC employment with persons or organizations having business with the NMHC and to which the employee is called upon officially to render advice or make judgments. In the event an employee desires to negotiate for such employment, the employee must inform the Corporate Director of his/her intentions. If the Corporate Director determines that the proposed negotiations will not adversely affect the NMHC's interests, the employee may be authorized to proceed.

(b) Selling or Soliciting. Employees and other persons are prohibited from selling or soliciting for personal gain within any building occupied or used by the NMHC without proper permission. This prohibition applies to:

(1) Authorized and installed business activities.

(2) Solicitation for health drives, the Red Cross, and other purposes approved under the government's fund-raising policy.

(3) Token solicitations for floral remembrances, retirement gifts, and similar purposes.

(c) Fraternization in the Workplace.

NMHC has created this regulation to nurture a working environment in which employees maintain clear boundaries between employee personal and business relationships so as to be most effective for conducting business. NMHC does not prohibit friendships or romantic relationships between employees but seeks to set forth clear guidelines as to how relationships should be conducted in the workplace.

(1) Discouraging Workplace Personal Relationships. NMHC discourages, but does not forbid, fraternization between employees. However, fraternization between managers or supervisors and their subordinate employees are strictly prohibited. Romantic or intimate relationships between managers or supervisors and subordinate employees create an unreasonable possibility of favoritism, conflicts of interest, and claims of sexual harassment. Such relationships may also create serious problems in terms of objective management, accurate evaluations, and discipline.

(2) Reporting Workplace Relationships. For these reasons, any employee who is involved in a romantic or intimate relationship, not necessarily limited to sexual relationships, with any other employee must report the relationship to Human Resources. Such information will be treated by NMHC as confidentially as possible, consistent with the NMHC's legitimate business needs. Failure to report such relationships may result in disciplinary action.

(3) NMHC Rights. Where such an intimate relationship exists, NMHC reserves the right to make such employment decisions as are necessary to ensure that the risks enumerated above regarding the relationship will not occur. Such steps include but are not limited to: transfer of one or both parties in the relationship to a separate division; or adjusting lines of reporting or communication as necessary.

(4) Agreement. In cases where a consensual personal relationship exists, the parties will be required to sign an agreement acknowledging that the relationship exists and that it is consensual and the agreement will further instruct each party to immediately notify Human Resources should the relationship at any time become non-consensual so that NMHC can ensure that no violation of sexual harassment has occurred and, if it has, NMHC can take prompt, appropriate remedial action to ensure the harassment stops. Moreover, in order to maintain the avoidance of favoritism in the workplace and to ensure that all employees of NMHC are comfortable in the work environment, employees who are involved in a personal romantic relationship are absolutely prohibited from engaging in displays of affection (such as kissing, hand-holding, or other similar personal contact) anywhere on NMHC premises during working hours.

(5) Refusal of Employment Modifications. As detailed above, it may be necessary to modify reporting structures, transfer positions, or make other necessary adjustments to employment.

Refusal of reasonable modification to an employee's position will result in disciplinary action.

(6) Employee Appeals. Any employee who believes that he or she has been adversely affected as a result of this policy, or who believes that this policy is not being adhered to, should speak with Human Resources.

§ 100-50-466 Community and Professional Activities

Employees are encouraged to participate in the activities of professional societies and of civic organizations whose purposes and objectives are not inconsistent with those of the departments in which they are employed. Affiliation with such groups may be mutually beneficial to the employee and to the NMHC; however, such participation must not affect adversely an employee's performance of regularly assigned duties.

Subpart E - Political Activity

§ 100-50-468 Political Activities

The political activities of persons in the NMHC shall be subject to the restrictions of this subpart.

§ 100-50-470 Rights of Employees

All employees in the NMHC shall have the following rights:

(a) To vote for the candidates of their choice and to express their opinions on political matters.

(b) To be active members of the political party or organization of their choosing.

(c) To make voluntary contributions to a political party for its general expenditures.

§ 100-50-472 Prohibited Activities

Employees of the NMHC shall not:

(a) Use their office or official influence to interfere with an election or to affect the results of an election.

(b) Use their official authority to coerce any person or political party in reference to any politically related activity.

(c) Be obligated to contribute to any political fund or render service to any political activity.

(d) Solicit or receive political contributions from anyone while on NMHC time, on NMHC property, or on NMHC business.

(e) Campaign for any candidate for public office during official working hours.

(f) Promote or oppose legislation relating to programs of the NMHC without the official sanction of the proper NMHC authority. (It should be clearly understood, however, that nothing in this policy is to be considered as restricting or interfering with the obligation of employees to respond freely and candidly to any inquiries made of them in regard to appropriations or related matters.)

§ 100-50-474 Public Office

An employee who is an official candidate for public office, once certified by the Board of Elections, shall take annual leave or leave without pay.

§ 100-50-476 Penalty

An employee found guilty of a prohibited activity described in Section 472 of this Part shall be subject to disciplinary action.

§ 100-50-480 Government Ethics Code

The provisions in these regulations are in addition to the Government Ethics Code (GEC) codified at 1 CMC §§ 8501-8577. All employees are expected to be familiar with the GEC and to act in a manner consistent with the provisions and the policies of GEC and these regulations. If there is any conflict between the GEC and these regulations, the GEC shall prevail.

Part 500 - Fair Treatment in the Workplace

§ 100-50-501 Equal Employment Opportunity Policy

(a) It is the policy of the NMHC that there shall be no discrimination based on such factors as race, creed, color, ancestry, membership in a labor organization, political affiliation, place of origin, disability, sex, religion, age, sexual orientation, veterans status, and similar matters not related to individual merit and fitness.

(b) The NMHC will establish and implement a system of personnel administration based on merit principles and generally-accepted methods governing the classification of positions and the employment, conduct, movement and separation of NMHC employees. The NMHC will contribute to the CNMI government's efforts to build a career service which will attract, select, and retain the best-qualified employees, based on merit, who shall hold their positions free from coercion, discrimination, reprisal, or political influences and will render competent and effective service to the community, according to the dictates of ethics and morality. In order to achieve these purposes, the NMHC that the personnel system shall be applied and administered in accordance with the following merit principles:

(1) Equal opportunity for all regardless of race, creed, color, ancestry, membership in a labor organization, political affiliation, place of origin, disability, sex, religion, age, sexual orientation, or veterans status;

(2) Impartial selection of the ablest person for service with the NMHC by means of selection tools which are fair, objective, and practical;

(3) Just opportunity for competent employees to be promoted within the NMHC;
(4) Reasonable job security for the competent employee;
(5) Systematic classification of all positions through adequate job evaluation;
(6) Fair and reasonable grievance and complaint procedures for all employees on matters pertinent to conditions of employment and these regulations;
(7) Proper employer-employee relations to achieve a well-trained, productive, and happy work force.

§ 100-50-505 Prohibition of Harassment

The NMHC prohibits any form of unlawful harassment against its employees based upon any of the protected categories listed above. The prohibited conduct includes actions taken by or against employees by other employees, agents, contractors, vendors, or clients. Each employee is expected to assist the NMHC in preventing or eliminating harassment by bringing incidents of perceived harassment or discrimination to the attention of management or the NMHC's ~~Office~~ HR Manager.

§ 100-50-510 Prohibition of Sexual Harassment

(a) Sexual harassment of employees by their supervisors, coworkers, vendors, or customers will not be tolerated and should be promptly addressed. Employees at all levels are expected to conduct themselves in a courteous and professional manner at all times. Any behavior that is coercive, intimidating, harassing, or sexually offensive in nature is inappropriate and prohibited.

(b) Based on guidelines developed by the U.S. Equal Employment Opportunity Commission, sexual harassment includes unwelcome sexual advances or requests for sexual favors, or other verbal or physical conduct based on gender when:
(1) Submission to such conduct is an explicit or implicit term or condition of employment.
(2) Submission to or rejection of the conduct is used as the basis for an employment decision.
(3) The conduct has the purpose or effect of unreasonably interfering with an individual's work performance or creating an intimidating, hostile, or offensive work environment.

(c) Inappropriate sexual conduct can take many forms and is not limited to physical assault, unwelcomed, or unwanted sexual requests or demands for sexual favors. Sexual harassing actions may include, but are not limited to, any of the following kinds of behavior: explicit sexual propositions, sexual innuendos, sexually suggestive comments, obscene or sexually suggestive pictures or drawings, obscene gestures or language, sexually oriented jokes and teasing, intimate touching or other unwanted physical contact, such as hugging, pinching, patting, or "accidental" brushing up against.

§ 100-50-515 Expectation of Non-Discriminatory and Non-Harassing Behavior

All employees, and especially supervisors and managers, are expected to implement and enforce the equal employment opportunity policy at all times. Discrimination for or against any employee on the basis of any of the protected factors listed above, or any other basis prohibited by federal or Commonwealth law shall not be tolerated. The NMHC shall maintain its workplace free from unlawful harassment, including sexual harassment. Any employee or official who engages in any act of discrimination or harassment on the basis of any of the above factors violates NMHC and

government policy, and such misconduct will subject an employee to corrective action ranging from counseling to adverse action up to and including termination. Such harassment by a non-employee (for example, a client or contractor) is also prohibited. Supervisors and management officials shall not tolerate any such outside harassment and shall take necessary action to prevent its continuation or recurrence.

§ 100-50-520 Complaint Process

(a) Any employee who believes that he or she have been the subject of, or have witnessed, job-related harassment or discrimination (whether by an employee, agent, contractor, vendor, or client of the NMHC, or others doing business with the NMHC), promptly report it to a supervisor or manager, or the ~~Office~~ HR Manager.

(b) If any supervisor or manager is considered to be the discriminating or harassing agent, the employee may go directly to the ~~Office~~ HR Manager or the Corporate Director. Confidentiality will be maintained to the extent permitted by the circumstances.

(c) Complaints of discrimination, harassment and/or retaliation shall be accepted both in writing and orally. If any supervisor or manager becomes aware of a discriminatory or harassment situation, he or she must immediately report the situation to the ~~Office~~ HR Manager or the Corporate Director, even if the employee does not wish to file a complaint.

(d) A supervisor who receives a claim of discrimination or harassment in violation of this policy shall take such complaint seriously and immediately notify the Corporate Director. A supervisor who does not take appropriate action also violates this policy and exposes the Commonwealth government to liability.

(e) After a complaint is received, the NMHC shall investigate the complaint or promptly forward the complaint to an assigned complaint investigator, who may be within or outside the NMHC. The complaint investigator shall commence the investigation immediately upon receipt of the complaint from the contact person. The investigation shall not exceed fourteen (14) days unless a longer period is necessary to gather all material information relevant to the complaint. Any person accused of a violation shall be allowed the opportunity to rebut the charges.

(f) After the investigation is completed, the NMHC will take appropriate disciplinary action, if warranted. Discipline may include: EEO training, counseling, written warning, demotion, discharge, or any other action deemed appropriate. The NMHC will also communicate with the complainant its decision on the results of the investigation and any corrective or remedial actions taken or proposed.

§ 100-50-525 Retaliation

The NMHC absolutely forbids retaliation of any kind against any employee who, in good faith, complains about harassment or assists or participates in any manner in the investigation. The NMHC will take disciplinary action against anyone, fellow employee or management staff, who attempts to retaliate in any way.

§ 100-50-530 Equal Employment Opportunity Officer and Representative

The Corporate Director of the NMHC shall be the Equal Employment Opportunity Officer for the NMHC with the responsibility for ensuring compliance with the NMHC EEO program. The EEO Officer shall appoint and be assisted by the ~~Office~~ HR Manager, as the NMHC's EEO representative, who shall fulfill this role as part of that person's regular duties. The ~~Office~~ HR Manager shall advise employees, including managers and other supervisors, regarding their rights and responsibilities under this policy and applicable federal and Commonwealth laws and shall be provided with appropriate training for such purpose. The ~~Office~~ HR Manager must be accessible to employees and capable of assisting them in the complaint process.

§ 100-50-535 Nepotism

(a) For the purpose of this regulation, nepotism is defined as employment or employment benefit bestowed on the basis of family relationship and not in consideration of merit.

(b) For the purpose of this regulation, an immediate relative is defined as a spouse, parent, sibling, or child related by blood, legal marriage, common-law marriage, legal adoption, or cultural adoption.

(c) The basic criteria for the appointment and promotion of all NMHC employees shall be appropriate qualifications and performance. There shall be no discrimination, for or against, based on relationship by family or marriage in any employment action.

(d) Employment or employment benefit by reason of blood or marriage relationship rather than merit is prohibited.

(e) No employee shall supervise an immediate family member except in emergency situations.

(f) No applicant will be hired to a position with a direct reporting relationship to an immediate relative or where a relationship or association exists that creates a reasonable assumption that that person, as an employee, would be in a favored position in relationship to other employees.

§ 100-50-540 Political Affiliation

No person with authority to make or recommend a personnel action relative to a person in, or an applicant for, a position with the NMHC, may make inquiry concerning political affiliation. All disclosures made by an employee or an applicant concerning political affiliation shall be ignored. Discrimination may not be exercised, threatened, or promised by any person in the NMHC against or in favor of an employee in, or an applicant for, a position with the NMHC because of political affiliation.

§ 100-50-545 Coercion

An NMHC employee shall not use NMHC employment to coerce, or give the appearance of coercing, a person to provide financial benefit to self or another person, particularly one with

whom the employee has family, business, or financial ties.

Part 600 - Employee Benefits and Services

§ 100-50-601 Policy

The NMHC will provide benefits and services to its employees in keeping with the general practices of the CNMI government and private enterprise and as limited or prescribed by law. This part delineates those benefits and services which include:

(a) Leaves of absence; and

(b) Insurance, such as group life and health insurance, accident and health insurance, and worker's compensation coverage.

(c) Retirement

Subpart A - Leaves of Absence

§ 100-50-605 Purpose

Leaves of absence from work are for the mutual benefit of the employee and employer. When leaves of absence are granted, they will be approved based upon legitimate reasons as presented by the employee for such times as will not be detrimental to the NMHC and its responsibilities.

§ 100-50-610 Types of Government Service that Qualify for Leave Accrual Purposes

Prior service in the following government activities will count in the determination of the NMHC leave accrual rate:

(a) Employment within the departments of the executive branch.

(b) Employment within the judicial branch.

(c) Employment within the legislative branch.

(d) Employment within government corporations, agencies, commissions, and instrumentalities.

(e) Employment within the offices of the mayors and the municipal councils.

§ 100-50-615 Kinds of Leaves

Broadly characterized, leaves of absence are either with pay or without pay.

§ 100-50-620 Leaves with Pay

(a) Annual Leave.

(1) Annual leave, or vacation, shall be granted for the purpose of rest and relaxation. Annual leave requests must be made at least three (3) work days in advance on a leave request form unless the leave mustshould be taken under extenuating circumstances. All annual leave requests must be approved by the employee's section manager and concurred by the Corporate Director. A denial of request for annual leave is subject to employees' grievance rights.

(2) NMHC employees who have less than three (3) years of creditable service shall earn annual leave at the rate of four (4) hours per pay period; except that newly appointed employees shall undergo a waiting period of ninety (90) calendar days before being credited with annual leave. Employees with three (3) but less than six (6) years of creditable service shall earn annual leave at the rate of six (6) hours per pay period. Employees who have six (6) or more years of creditable service shall earn annual leave at the rate of eight (8) hours per pay period.

(3) Maximum Accumulation. The maximum accumulation of annual leave for NMHC employees shall be 360 hours. Accrued annual leave in excess of 360 hours remaining at the end of each calendar leave year shall be converted to sick leave.

(b) Sick Leave.

(1) Sick leave shall be earned at a rate of four (4) hours per pay period and shall be allowed whenever the employee is to be absent from duty because of illness or injury or because of medically required quarantine of the family and/or residence. Use of sick leave is appropriate for medical, dental, optometric or mental health counseling or other necessary treatment which the employee personally must undergo.

(2) If an employee is absent because of illness, injury, or quarantine in excess of ~~two~~ three (3) days, the employee may be required to furnish a certification as to the incapacity from the attending physician. The Corporate Director may require certification for such other period(s) of illness as is determined appropriate due to suspected abuse of the sick leave benefit.

(3) If the required certification is not furnished, all absence which would have been covered by such certification shall be indicated on the time and attendance record and the payroll as absent without leave (AWOL).

(4) Sick leave may be accumulated and carried over to succeeding leave years without limitation. A report showing the accrued sick leave balance will be provided to the employee each pay period.

(5) The generality of the foregoing is subject to the following special provisions:

(i) Falsification of an illness report shall be considered sufficient cause for disciplinary action, including dismissal from employment.

(ii) Sick leave with pay shall be allowed during leaves of absence or vacations; provided, however, that any sick leave taken by an employee while on vacation must be supported by a certified medical statement issued by the attending physician. No employee shall be allowed to undertake gainful employment while on sick leave status.

(iii) Sick leave with pay may be granted in advance of earning sick leave as provided under subsection (d). If an employee is separated from the service without having earned all of the sick leave allowed and taken, there shall be deducted from any money due the employee at the time of separation an amount equal to salary for the period of unearned sick leave allowed and taken.

(6) Sick leave accrued for service with the government in any branch or agency shall vest in the employee upon accrual and shall remain vested so long as the individual is employed by the government, provided that if such employee is separated from government service (other than through retirement) for a period longer than three (3) years, the employee shall be divested of accumulated sick leave.

(c) Family Sick Leave. It should be noted that this leave, while it may be counted as Family and Medical Leave Act (FMLA) leave is authorized by Commonwealth law and should not be confused with the federal FMLA.

(1) An employee may apply for leave to attend to an immediate family member who is sick. For leave in excess of two (2) consecutive work days, such request shall be supported by a certified medical statement. Leave taken for this purpose shall be deducted from the employee's earned sick leave.

(2) Per Public Law No. 15-116 the following definitions apply for family sick leave:

(i) "Certified medical statement" means a statement from an attending physician that a Commonwealth ~~government~~ Government employee is needed to care for an immediate family member;

~~(i)~~(ii) "Commonwealth Government employee" means an employee of any department, division, or agency of the Commonwealth Government including autonomous agencies; and

~~(ii)~~(iii) "Immediate family member" means a legal spouse; child, whether natural or adopted, or parent.

(3) Employees are authorized to use up their accrued hours of earned sick leave hours supported by a certified medical statement from a physician.

(4) Only one family member, as designated in a medical referral statement, may use this benefit to accompany a qualified sick immediate family member for off-island treatment.

~~(5) An employee may not utilize this benefit:~~

~~(i) until all annual leave has been exhausted~~

~~(ii) if it brings the employee's sick leave balance to less than forty (40) hours.~~

(d) Leave Advance.

(1) Where, for good reason, an employee requires additional annual or sick leave in addition to the amounts accrued, the Corporate Director, with recommendation of the employee's section manager, may grant advance leave. For permanent employees the advance leave will be limited to a maximum of one-half of the total earnable leave credits for which the employee is eligible for one (1) year from the date the application is received. In the case of limited term or probationary employees, advance leave can be approved up to a maximum of one-half of the total earnable leave credits for which the employee is eligible during the remainder of the employment term, whichever is shorter. Subsequent accrued leave earnings shall serve to replace the amount of advance leave granted and taken. Requests for leave advance must be in writing from the employee with a recommendation from the section manager.

(2) Leave advance granted and taken:

(i) Constitutes a legal contract between the employee and the NMHC; and

(ii) Must be repaid, even if the employee separates or transfers from the NMHC. Recovery of advance leave that is unpaid may be through the NMHC's assumption of employee's accrued unused leave, payroll deductions, matched reduction of service time,

and/or recourse to the courts.

(e) Compassionate Leave. Employees may be granted compassionate leave with pay of no more than five (5) consecutive work days in cases of death in the immediate family of the employee. For the purpose of this subpart, the term "immediate family" shall be defined as an employee's spouse, immediate off-spring (natural and culturally or legally adopted), putative mother, father, brother, sister, ~~spouse, immediate off-spring (natural and culturally or legally adopted),~~ grandfather, grandmother, grandchild, mother- in-law, or father-in-law. Compassionate leave must be taken within eighteen (18) days after the death of the immediate family member. The Corporate Director will be responsible for approving compassionate leave requests.

(f) Administrative Leaves. An absence from duty administratively authorized, without loss of pay and without charge to accrued leave, is administrative leave. The governor or the Corporate Director may approve administrative leave requests. The following are the three general classes into which administrative leaves fall:

(1) Administrative leave may be authorized under emergency conditions beyond the control of management, e.g., typhoons, or for participation in civic activities of interest to the government, or for such reasons as the Governor may determine (such as a shortened work day on Christmas Eve).

(2) Administrative leaves may be authorized relative to disciplinary actions. The Corporate Director may place an employee in non-working status with pay for up to three (3) work days pending an investigation or preparation of a notice of proposed suspension for up to thirty (30) calendar days or termination of employment.

(3) Administrative leave may be granted to employees serving on government boards and commissions, provided such employees do not receive compensation from the boards and commissions.

(g) Court Leave. The NMHC encourages its employees to fulfill their obligations as citizens of the Commonwealth. Thus, employees who are called upon to serve as jurors may, at their option, be granted court leave for such period as the jury may be impaneled. Employees who are called to jury duty shall present their juror summons to their section manager together with a completed request for leave for the Corporate Director's approval. Employees who serve as jurors using court leave to cover the period of absence shall turn over to the ~~Commonwealth Treasurer~~ NMHC Cashier such jury fees (as distinct from expense allowances) as they receive from a Commonwealth court. Expense allowances paid the employee for whatever purpose may be retained by the employee to defray the expenses for which granted. The employee may retain any jury fee paid by the federal court. An employee subpoenaed as witness, except as a government witness, shall charge such absence to annual leave or leave without pay. Court leave shall be granted to an employee subpoenaed in litigation in which the government has no interest, to serve as a witness in the employee's present or past official capacity as a government employee and who may be required to present government records in testimony. Such employee must inform the Corporate Director of the required testimony as soon as possible after being subpoenaed.

(h) Military Leave. Military leaves of absence with pay, not to exceed fifteen (15) working days in any calendar year, regardless of the number of training periods in the year, may be granted by the Corporate Director to employees who are members of the United

States National Guard and reserve components of the United States Armed Forces, when directed under orders issued by proper military authority. Pursuant to Office of the Governor Executive Order No. 2018-04, Active Military Personnel and Reservists of the United States Armed Forces may be granted ~~Administrative~~ administrative leave for up to fifteen (15) working days, subsequent the fifteen (15) days of military leave of absence days afforded, for a total of thirty (30) days to provide the necessary support and appeasement to servicemen and women of the Commonwealth, following directed orders issued by proper military authority, for the purpose of ensuring the successful participation and fulfillment of the requirements of their orders. ~~will not be granted in order to extend leave time for any additional training days.~~

(i) Maternity Leave. Maternity leave shall be granted to a female employee who is absent from work because of childbirth. The Corporate Director shall have the responsibility for approving maternity leave requests. Such maternity leave shall not exceed fifteen (15) work days, shall be in addition to any accumulated sick leave, and shall be any fifteen (15) work days encompassing the date of childbirth. Any additional leave taken for such childbirth purposes shall be charged against accumulated sick leave. This benefit will not be granted in cases of adoption. All leave time related to the birth of a child will be counted as family and medical leave.

(j) Paternity Leave. Paternity leave shall be granted to a male employee who is absent from work because of his wife's or common law's confinement for childbirth. Such paternity leave shall not exceed two (2) work days encompassing the date of childbirth. The appointing authority shall have the responsibility for approving paternity leave requests.

(k) Sick Leave Bank Leave.

(1) All NMHC employees are eligible to participate in and utilize the Commonwealth's Sick Leave Bank established by Public Law No. 8-25, as amended by Public Law No. 15-69.

(2) The Sick Leave Bank serves as a depository into which participating employees may donate accrued sick leave time for allocation to other Commonwealth employees who have personally suffered, or have an immediate family member who has suffered, a catastrophic illness or injury, and who have exhausted their compensatory time, sick leave, and annual leave balances.

(3) Employees are eligible for up to ~~160~~ 1,040 hours of Sick Leave Bank hours once during their employment, unless the loaned hours are repaid. The terms and conditions of this benefit are provided in the Sick Leave Bank Regulations [NMIAC, title 10, chapter 50].

(4) The NMHC Administrative Office will provide access to this regulation and will assist employees in submitting applications for this benefit.

(5) The NMHC establishes Sick Leave Bank within the agency for the purpose of providing additional job and financial protection for employees experiencing prolonged absence from the workplace due to catastrophic illness or major injury.

i. NMHC shall promulgate similar policies and procedures as prescribed in NMIAC § 10-50: Sick Leave Bank Regulations.

(l) Self-Care Leave. Mental distress poses long-term consequences for NMHC by

harming employees' mental state of mind, productivity, and overall job satisfaction. NMHC seeks to promote its employees' -well-being by preventing and managing employee mental distress and creating a culture of inclusiveness and mental health awareness. Thus, it is NMHC's policy to provide its employees with Self-Care Leave for the purpose of managing work-related stress and to create a workforce with more satisfied employees and higher employee engagement.

(1) Accrual. Employees shall accrue eight (8) hours of Self-Care Leave on the first date of the second quarter and fourth quarter or upon the date the employee first becomes eligible to receive employee benefits. Any Self-Care Leave accrued shall expire at the end of the last day of the quarter that the Self-Care Leave was accrued. Self-Care Leave quarters shall be from April 1 to June 30 and October 1 to December 31.

(2) Use. Self-Care Leave requests must be made at least two (2) weeks in advance on a leave request form. All Self-Care Leave must be approved by the employee's section manager and concurred by the Corporate Director. Section managers are responsible for ensuring that there are no scheduling conflicts within their section that would otherwise disrupt daily business operations.

~~(6)~~(3) Self-Care Leave is separate from and in addition to other NMHC employee benefits, such as Annual Leave and Sick Leave. Employees are not entitled to payment for any unused Self-Care Leave.

§ 100-50-625 Leaves without Pay

(a) Leave Without Pay for Personal Reasons. An employee may be granted leave without pay not to exceed ninety (90) consecutive work days if the Corporate Director considers it justified. Leave without pay may be extended up to ninety (90) additional consecutive work days only with the approval of the Board of Directors Personnel Committee, upon recommendation by the Corporate Director. Such leave without pay may be granted to permit the employee to attend to important family affairs, or for justifiable personal or business reasons.

(b) Leave Without Pay in Extension of Annual or Sick Leave. An employee may be granted leave without pay (LWOP) for the purpose of extending annual or sick leave. When sick leave is so extended, the attending physician must provide medical certification as to the necessity of the extension. The Corporate Director is responsible for approving or disapproving requests for leave without pay, upon recommendation by the section manager.

(c) Tardiness.

(1) At the end of each pay period accumulated tardiness in excess of fifteen (15) minutes shall be charged to leave without pay (LWOP) or absence without leave (AWOL). In respect to each incident of tardiness,

(i) If the period of lateness is less than one hour it will be charged to LWOP or annual leave at the employee's election.

(ii) If the period of lateness is more than one hour the Corporate Director will review the justification for absence to determine whether annual leave can be used in lieu of leave without pay.

(2) The period of tardiness shall be calculated in the same manner as hours worked are calculated for time keeping purposes.

(3) Staff are allowed up to two (2) approved tardiness per week. Staff must inform their respective managers and timekeepers that they will be tardy that day.
(4) Three (3) or more tardiness per week is considered excessive and unacceptable (unless there is a compelling reason for such tardiness).
~~(iii)~~(i) Staff tardiness that are observed to be habitual or excessive may be grounds for disciplinary action.

(d) Extended Military Leave. The federal Uniformed Services Employment and Reemployment Act (USERRA) generally requires the Commonwealth government to provide extended military leave for its career employees, regardless of whether the service is voluntary or involuntary. The cumulative length of all absences due to military leave and extended military leave shall not exceed five (5) years, unless extended for good reason documented in writing by the Corporate Director. The employee must give advance notice to the Corporate Director, unless military necessity or circumstances make this impossible or unreasonable. In most cases, the employee is guaranteed reinstatement rights and certain seniority rights upon return from leave. The employee must also comply with requests for documentation and with the requirements of this subchapter regarding the timing of applications for reemployment. For details, employees and managers should contact the U.S. Department of Labor.

(e) Family and Medical Leave Act (FMLA) Leave.
(1) The federal Family and Medical Leave Act of 1993 (FMLA), as amended, entitles employees who have worked for the Commonwealth for at least one (1) year and who worked at least 1,250 hours over the previous twelve (12) months to take up to twelve (12) weeks of LWOP for any of the following reasons:
(i) To care for the employee's child after birth or placement for adoption or foster care;
(ii) To care for the employee's spouse, son or daughter, or parent, who has a serious health condition; or
(iii) For a serious health condition that makes the employee unable to perform the employee's job.
(iv) For specified situations relating to family members in military service.
(2) Annual leave, sick leave, maternity leave, or paternity leave may be substituted for LWOP for FMLA purposes. All leave qualifying under the FMLA shall be documented as FMLA leave either before it is taken or promptly thereafter. The NMHC can designate a leave as a FMLA leave.
~~(2)~~(3) FMLA Leave will run concurrently with paid leave and leave without pay, if any.
~~(3)~~(4) ~~In most cases, p~~Participation in the government group health insurance program shall continue during FMLA leave. Employees are responsible for paying the employee share of the health insurance premium to the NMHC Cashier.
~~(4)~~(5) The definitions, benefit eligibility, and limits and notification procedures comply with the federal Family and Medical Leave Act (FMLA) of 1973 as amended in November 2008.

§ 100-50-630 Basis for Accrual

(a) Employees shall accrue annual leave and sick leave for each biweekly pay period in which they are in pay status for ~~the entire ten (10) days~~64 hours or more. Pay status will include paid annual or sick leave, holidays, administrative leave, and overtime work

hours. No annual leave and sick leave will be earned if the pay period includes unpaid periods where the total time worked is less than ~~eighty (80) hours~~64 hours ~~per~~ of the pay period. If the work week is shortened due to the needs of the NMHC, the shortened work week will then be the basis for leave accrual.

(b) Provided, however, employees serving on government boards and commissions who elect to take leave without pay (LWOP) during such performance shall accrue leave for that service time.

(c) Part-time employees with regular scheduled tours of duty of forty (40) to seventy (70) hours during a biweekly pay period will accrue annual and sick leave at one-half the rate of full-time employees and will be eligible for other paid leaves, as provided in § 620 at this rate.

(d) Part-time employees with regular scheduled tours of duty of less that forty (40) hours during a biweekly pay period will not accrue annual or sick leave benefits or be eligible for the other paid leave benefits. Part-time employees must be in a pay status for their full regular scheduled tour of duty for the entire ten (10) days; otherwise, there shall be no accrual for such period.

§ 100-50-635 Unauthorized Leave

Unauthorized leave (absent without leave, AWOL) is absence from duty without appropriate authorization. Employees who are absent from duty without prior approval, except in bona fide emergencies, shall be charged as being AWOL. Employees who are AWOL are subject to loss of pay and possible disciplinary action.

§ 100-50-640 Disposition of Leave upon Separation

(a) Annual Leave.

(1) An employee separated from the NMHC for any reason shall receive a lump-sum payment for all annual leave accrued to the employee's credit and remaining unused at the time of separation. If the employee returns to duty in any capacity with the government before the accumulated term of leave would have expired, had it been liquidated in the normal course of employment, the employee must return to the government the gross value of such unused leave and have those hours of leave re- credited to the employee's annual leave account.

For example:
If an employee has 360 hours annual leave to his credit upon separation that represents 45 days of annual leave. If the employee returns to government employment before the passage of 45 work days, the employee is required to make a refund for the unexpired term of leave remaining. To calculate the amount of repayment, subtract the number of work days (exclusive of holidays or other paid days off) from the annual leave amount paid to the employee.

(2) Repayment may be through lump-sum cash prior to resuming duty status, payroll deduction, or assigning to the government all annual leave accrued subsequent to returning to duty until the repayment is completed.

(b) Sick Leave. An employee separated from the NMHC for any reason shall have all sick leave accrued to the employee's account held in the leave records for three (3) years. Should the person be reemployed in any government agency at any time during that three (3) year period, the sick leave balance may be recredited to the employee's sick leave account and available for use from the first day of reemployment provided the other government agency approves the recrediting. Provided, however, that an employee separated from the NMHC for retirement purposes, and whose unused sick leave has been converted to service time to determine eligibility in the retirement program, shall not be recredited for such sick leave balance.

§ 100-50-645 Administration of the System

(a) Leave Year. For administrative convenience, leave accumulations and usages are based upon the leave year. A "leave year" is that period of 52 consecutive weeks (26 pay periods) which begins on the first day of the first full pay period of the calendar year and ends on the last day of the last pay period which begins in that calendar year.

(b) Employee's Right to Annual Leave. Employees have a legal right to accumulate annual leave, but the right to use that leave is contingent upon management's requirements. Thus, it is incumbent upon managers and employees to agree mutually as to the duration of annual leave and the period of taking. A manager is wholly within managerial rights to deny an employee's request for annual leave if that denial is based upon demands of NMHC. The manager is obligated, in event of a denial, to suggest to the employee a more appropriate time for taking annual leave.

(c) Vacation Scheduling. The NMHC urges and encourages employees to use annual leave for the purpose for which it is intended. That is for rest and relaxation. The NMHC considers that a "vacation" of not less than two (2) consecutive weeks of annual leave meets the basic intent of annual leave provisions. To avoid internal dissension, managers are urged to schedule vacation periods for their employees, bearing in mind employees' preferences, needs, and desires, so that the NMHC will not be unduly affected by employee absences.

(d) Lump Sum Leave Payment upon Separation. When an employee is separated from the NMHC, the employee is entitled to the payment of unused annual leave in a lump sum. However, lump-sum leave payment shall not be processed for an employee who has not completed the NMHC's separation requirements.

~~(d)~~(e) Leave from Other Government Agencies. NMHC prohibits the transfer of Annual Leave from other Government Agencies to NMHC. NMHC will accept up to 360 hours of sick leave hours to be credited to the employee's sick leave bank provided the person being employed with NMHC has not been separated from the Government for more than a three (3) year period. The recredited sick leave hours will be available for use from the first day of employment.

Subpart B - Insurance

§ 100-50-650 General

It is the policy of the NMHC to provide certain insurance benefits to all its employees,

whatever their appointive status. These are defined in the section which follows.

§ 100-50-655 Nature of Coverage

(a) In the event of an on-the-job work-related injury or illness, the employee may be entitled to benefits under the NMHC's Workers' Compensation Insurance program.

(b) The NMHC will only pay part of the cost of the CNMI government's group health and group life insurance coverage and the employee may pay his/her share through payroll. ~~In addition, the NMHC will pay part of the cost of the group dental insurance.~~

(c) Employees have the option to waive ~~dental,~~ health/medical, and life insurance.

(d) Managers and supervisors are responsible to know the provisions of the several plans for coverage of the employees under their supervision and the procedures necessary to present claims.

(e) Employees are responsible to familiarize themselves with reporting procedures so that they may be assured of proper coverage in event of injury or illness.

Subpart C - Retirement

§ 100-50-660 Mandatory Participation in Federal "Social Security" System/Voluntary Participation in the Retirement Fund

(a) Mandatory Participation in the Federal Social Security System: Public Law 17-82, the CNMI Pension and Recovery Act of 2012, requires mandatory participation in the federal Social Security System for all government employees.

(b) Defined Contribution Retirement Plan: Eligible employees may participate in the Government's Defined Contribution Retirement plan established under PL 15-13 and administered through the Department of Finance.

Part 700 - Performance Evaluation

§ 100-50-701 Employee Performance Evaluation Process

The NMHC will establish and maintain an employee work performance review system which will recognize, evaluate and reward employees and their contributions toward increasing efficiency and economy within the NMHC. An employee performance evaluation process is essential to:

(a) Improve employee effectiveness by:
(1) Providing a working atmosphere in which an employee may be motivated to achieve the highest performance potential; and
(2) Identifying work performance standards agreed to by both management and employee.

(b) Strengthen the employee-supervisory relationship by:

(1) Establishing a framework for continuing employee-supervisor communications regarding performance standards and development of employee potential; and
(2) Guaranteeing employees the opportunity to participate in the establishment of performance standards.

(c) Provide management with an objective basis for relating employee work performance to a wide variety of pertinent personnel management activities.

§ 100-50-705 Policy

(a) The Corporate Director shall ensure that managers/supervisors in their respective jurisdictions reach and maintain a clear understanding with their subordinates of the standards of work performance which must be met in order to successfully accomplish assigned work. The supervisor and the employee, on a person-to-person basis, must understand and agree on the work objectives set, the manner in which they can be reached, and the way they will be evaluated. A review of the employee's position description is necessary, therefore, to assure such understanding of the duties, performance standards, and work objectives established.

(b) A written rating of performance shall be submitted by the employee's manager/supervisor annually, commencing at the anniversary of the employee's employment date, based upon the preceding twelve (12) months performance record and other pertinent factors. The performance rating will be acknowledged by the employee and concurred by the Corporate Director, on forms prescribed by the Personnel Committee, for each permanent, probationary, and limited-term employee. The ~~NMHC Office~~HR Manager shall administer the performance rating report ensuring timely and justified implementation of the program and will alert the Corporate Director to any problem or changes needed for improvement to the program.

(c) Non-NMHC employees shall not be delegated the authority to supervise or evaluate NMHC employees.

§ 100-50-710 Responsibilities

(a) The Personnel Committee shall be responsible to:
(1) Develop, evaluate, and improve the NMHC's annual employee review system and performance rating report; and
(2) Provide advice, assistance, and supervision in the administration of the system.

(b) The Corporate Director shall be responsible to implement, administer, and obtain compliance with the purposes of the system, including:
(1) Provide assistance to supervisors and employees, as needed, in preparing the annual performance rating;
(2) Provide training to managers/supervisors so they can effectively evaluate employee performance; and
(3) Assure that employees understand the provisions, procedures, and objectives of the performance evaluation plan.

(c) Managers/supervisors are responsible to:
(1) Ensure that position descriptions accurately reflect the duties and responsibilities assigned;
(2) Determine jointly with each employee the performance standards to be met and keep each employee advised of strengths, weaknesses, and opportunities for improvement;
(3) Provide periodic counseling to employees throughout the evaluation year and document significant incidents of good or poor performance;
(4) Conduct the annual employee performance reviews; and
(5) Initiate appropriate personnel actions in cases of continuing unsatisfactory performance.

(d) The employee is responsible to:
(1) Request clarification from the manager/supervisor of any performance ratings, work objectives, or duties which are not clearly understood;
(2) Advise the manager/supervisor of any fact or circumstance which the employee believes should be considered during the review process;
(3) Participate in performance appraisal discussions and in the development of performance standards, and make suggestions for improving performance; and
(4) Acknowledge the performance ratings.

(e) In the event the employee disagrees with any of the ratings, the employee must so indicate on the performance rating form and must submit a written statement to the Corporate Director for review and inclusion in the employee's official personnel folder along with the appraisal.

§ 100-50-715 Relationship to Other Personnel Management Activities

(a) By using the employee anniversary date system (as contrasted to a fixed due date), managers/supervisors will have a full year to better consider and evaluate each employee and coordinate the employee's performance evaluation with the other factors which make up the totality of the employee review system.

(b) Managers/supervisors do not have a right to retain an employee in a position in which the employee's overall rating is "unsatisfactory." To permit such a situation would not be in the best public interest and would not be consistent with good management principles. In such cases, the manager/supervisor must initiate the necessary personnel action to have such an employee reassigned, demoted, or separated from the position at the earliest possible date in accordance with the provisions of this regulation.

(c) An employee with a current official rating of "outstanding/exceptional" will receive an additional two points of retention credit for reduction-in-force purposes.

§ 100-50-720 Performance Rating

A completed performance rating must be submitted to the Corporate Director by the responsible manager/supervisor for each employee on an annual basis at the employee's anniversary date for appropriate action.

§ 100-50-725 Rating Probationary Employees

The final probationary performance rating shall be completed for probationary appointees prior to the completion of six (6) months of employment with NMHC. The rating will recommend conversion to a permanent appointment after six (6) months or a continuation of probationary status until the end of one year of employment.

§ 100-50-730 Appeals

An employee may appeal an "unsatisfactory" appraisal as provided in part 200, subpart B, of this chapter.

Part 800 - Training and Employee Development

§ 100-50-801 Policy

As appropriate training increases workers' effectiveness in jobs, improves morale, decreases labor turnover, prepares new employees to do jobs for which they are not trained, provides an effective means of screening and placement, and prepares employees for filling responsible jobs and upward mobility, NMHC acknowledges its commitment to train and develop a viable workforce within the NMHC.

§ 100-50-805 Responsibilities

(a) The Corporate Director, supported by the ~~Office~~ HR Manager, shall:
(1) Implement training programs at all levels within NMHC to assure that training objectives are met;
(2) Determine annual training objectives and implementation plans that reflect the immediate priorities within the NMHC;
(3) Budget funds to support the needed training programs;
(4) Report to the Board of Directors annually by September 30 of each year, the nature, content, and results attained by in-service training activities;

(b) The ~~Office~~ HR Manager will hold the secondary role of training officer for the NMHC and shall work with managers/supervisors to:

(1) Identify and define training needs for developing the NMHC workforce;
(2) Determine training goals to be met for each NMHC job category;
(3) Establish training and development goals to be met by NMHC employees for promotion and career development;
(4) Evaluate all training programs to ensure that manpower development programs accomplish their objectives;
(5) Assure that training and education services in the Commonwealth are fully utilized before seeking outside sources; and
(6) Develop a recommended training schedule to be submitted with the annual budget;
(7) Provide advice and assistance to managers/supervisors as they conduct employee development activities;
(8) Locate, evaluate, and determine the cost of training resources within and outside

the Commonwealth, as needed;
(9) Maintain current training records for all employees;
(10) Improve quality of training through evaluation of course content and practical testing of skills and knowledge gained through training.

(c) Supervisors/managers, in carrying out the training objectives in their respective program areas, shall:
(1) Plan to release employees when needed for formal classroom instruction;
(2) Inform trainees of the content of the training programs, the objectives and benefits, and the employees' responsibility to absorb and use the instruction provided;
(3) Encourage employees to engage in self-improvement activities which may lead to improved performance and possible promotion; and
(4) Deliver or assist in the delivery of instruction within the limits of their individual capabilities.

§ 100-50-810 Coverage

All training must be authorized by the Corporate Director, will be work-related, and will be limited to the following categories:

(a) Orientation: Within one (1) week after an employee enters employment with NMHC, the ~~NMHC Office~~HR Manager and the employee's manager/supervisor will conduct an orientation for the new employee in the policies, procedures, rules, and regulations which are specific to the employee and to the performance of the employee's job.

(b) Job Skills: training to:
(1) Improve an employee's performance in the position currently occupied; and
(2) Prepare an employee to move laterally in the same or closely related class of position.

(c) Promotional: training which prepares an employee to perform with adequate efficiency the basic task of higher-level position for which the employee is being trained.

(d) Developmental: training offered to broaden an employee's knowledge and perspectives.

(e) Supervisory, Managerial, and Executive Training:
(1) In as much as the work of the government is the best and most important training resource for potential managers, opportunity should be given to qualified employees to participate in progressively responsible work within the area(s) of intended succession.
(2) Opportunities for supervisory, managerial, professional, and executive training will be offered to potential managers if value to NMHC can be identified and if funding is available.
(3) Employees entering a supervisory position must receive supervisory/management training not earlier than six (6) months prior to such promotion and no later than six (6) months after entry into such position.

§ 100-50-815 External Training Sources

Training courses provided by sources outside the Commonwealth will be utilized as necessary and to the extent the budget will permit.

§ 100-50-820 Training Costs Defined

(a) The term "all costs," when used in this part to define the NMHC's intent to support an employee undergoing training, means:
(1) Round trip transportation to the training site by the least expensive air routing;
(2) Mileage allowance for on-island travel by private transportation;
(3) Training leave with pay, i.e., the employee's regular salary will be paid, as all training will be work-related and the employee will be in work status. If overtime work is required and performed, payment will be made in accordance with law.
(4) Cost of tuition, books, and fees; and
(5) Stipend. i.e., the regular per diem rate for the time authorized to be spent at the training site.

(b) NMHC will pay all pre-reviewed and approved necessary costs for training.

(c) Unapproved costs incurred or caused by the employee will be the responsibility of the employee.

(d) Unplanned and unavoidable expenses related to approved-training and not caused by the actions of the employee will be reviewed on a case-by-case basis by the Corporate Director.

§ 100-50-825 Support for Training

Managers/supervisors are encouraged to support positively NMHC's training efforts, as improved skills and more effective supervision at all levels will improve mission accomplishment.

§ 100-50-830 Evaluation of Training

(a) The ~~NMHC Office~~HR Manager shall develop and maintain a system which will provide information and analysis of the effectiveness of training received by NMHC employees. Such analyses shall be used to determine the value of training received and programs utilized.

(b) All personnel who attend and return from a training course outside the Commonwealth shall submit to the ~~NMHC Office~~HR Manager a written report including a summary of the course along with a judgment of the added value gained from the course.

(c) Employees who received training may be required to provide a presentation to NMHC managers/supervisors and/or staff, sharing the training received.

§ 100-50-835 Unsponsored Training Activities

(a) Personal advancement training or academic training toward baccalaureate or higher degrees is highly encouraged. However, the NMHC shall not sponsor or have any responsibility for any costs incurred for such training.

(b) Personal advancement training or academic training taken at the election of the employee will utilize annual leave or leave without pay, as approved by the Corporate Director.

(c) Unsponsored training activities will comply with the leave policies established by this regulation.

Part 900 - Performance Management Evaluation

§ 100-50-901 Purpose

Regularly and honestly evaluating the performance of the NMHC is one of the most difficult, yet one of the most important requirements for NMHC to be a successful organization. A meaningful performance management evaluation requires that the individuals conducting the evaluation not only to know and understand the mission, strategy, and goals established by the NMHC for the period being evaluated, but also the projects and their measurable objectives for each NMHC section and the duties and responsibilities for each employee. With this knowledge and the use of analytical evaluative methods the evaluator must determine how well each section has performed in their part of achieving the NMHC mission and goals, and then, after full consideration of the findings, make an objective judgment of the overall degree of effectiveness that NMHC has attained in relation to mission and goal accomplishment.

§ 100-50-905 NMHC Mission Statement

As stated in Section 100-50-005, the NMHC mission statement is:

Providing efficient and responsive delivery of housing, mortgage and community development programs to the people of the Commonwealth; affording fair and equal opportunity to housing programs and services for all, with special emphasis to very-low, low and moderate income individuals, elderly and persons with disabilities; increasing and implementing home ownership programs with houses that are~~is~~ safe, decent, sanitary and affordable; encouraging and promoting economic independence, self-sufficiency and upward mobility for families; and implementing programs to address the growing and future needs and cost effective viability of the communities in the Commonwealth.

§ 100-50-915 Objectives of the NMHC Performance Management Evaluation Program

The objectives of the Performance Management Evaluation Program are to:

(a) Provide a comprehensive basis for improvements in NMHC's management of its activities, programs, and employee performance;

(b) Assure compliance with statutory requirements, regulations, and Board directives governing NMHC's programs and practices;

(c) Evaluate the participation and effectiveness of managers and supervisors in their performance management and section goal attainment; and

(d) Achieve the NMHC goals and objectives established in the annual strategic planning session.

§ 100-50-920 Responsibilities

(a) Section managers are responsible for:
(1) Establishing section objectives that contribute to the accomplishment of NMHC's strategic objectives;
(2) Providing leadership, guidance, and supervision in the accomplishment of section objectives;
(3) Keeping the Corporate Director apprised of significant problems and achievements in carrying out their performance management responsibilities and accomplishing their assigned portion of the NMHC's strategic goals.

(b) The Corporate Director is responsible for:
(1) Guiding senior managers in an annual strategic planning session to establish, review, and modify strategic goals for the NMHC;
(2) Providing management, direction, and continued oversight in the accomplishment of the NMHC's established strategic goals;
(3) Conducting, through a designated evaluation officer, an annual performance management evaluation to measure goal accomplishment;
(4) Using evaluation results to work with the management team and the Board of Directors to developing plans for improving NMHC's performance and goal accomplishment.

§ 100-50-925 Annual Report

(a) Report of the Performance Management Evaluation Program shall be made to the NMHC Board in its annual report not later than March 31 of each year. The report shall be based upon:
(1) a comprehensive performance management evaluation report on the projects completed and the goal-related objectives reached for each section;
(2) the overall successful goal achievement performance of the NMHC programs; and
(3) the NMHC's financial status on the last day of the fiscal year.

(b) The ~~Office~~ HR Manager in consultation with the Corporate Director shall develop the evaluation plan and the format for reporting.

§ 100-50-930 Action

Using the observations and the findings in the annual comprehensive Performance

Management Evaluation Program Report, the Corporate Director shall:

(a) Direct and follow-up on corrective action to be taken with respect to any deficiencies noted in any of the reports.

(b) Ensure that managers conduct or arrange training for those employees who appear to be deficient in the supervisory, technical, or other job-related performance aspects of meeting NMHC's mission, as indicated in the several evaluations.

Part 1000 - Records and Reports

§ 100-50-1001 Purpose

This subpart defines the minimum requirements for personnel records to be originated and maintained by the NMHC.

§ 100-50-1005 Policy

NMHC shall establish a system of records for all personnel presently or previously employed by the NMHC. The records shall be separated so that those of active employees are filed separately from those of former employees. Other supporting records, as deemed appropriate by the Personnel Committee, may also be maintained. The ~~Office~~ HR Manager shall develop and maintain the personnel records for the NMHC.

§ 100-50-1010 Records Required

(a) Official Personnel Folder (OPF). For each employee an official personnel folder (or file) shall be maintained (including electronic filing). The folder shall contain, at a minimum, the following elements of primary information covering the employee:
(1) Formal application for employment.
(2) Copy of the certificate of eligible applicant listing from which selected.
(3) Form on which prior creditable service is listed and service computation date is derived.
(4) Letter of original selection signed by an authorized selecting official.
(5) Copy of each personnel action affecting the employee.
(6) Copy of each form reflecting choice of health benefits or group life insurance coverage, designation of beneficiary, and other legal and binding assignments or designations.
(7) Adverse action supporting material, if the action is consummated.

(b) Secondary information, as contrasted to permanent-type information as delineated above, shall be kept in the OPF. Examples of temporary material include:
(1) Performance evaluation reports;
(2) Annual employee review documentation sheets;
(3) Descriptions of positions occupied by the employee;
(4) Letters of reprimand (retained but usable as a past offense for two years only); and
(5) Items of correspondence concerning the employee but which have no historical or permanent value, e.g., letters of commendation or congratulation.

(c) Employee Record Card. This card record summarizes critical data concerning the identity, status, movement, and separation of an employee. Every personnel action taken will be recorded on the employee record card. Exceptional or less than satisfactory performance ratings shall be noted on the employee record card showing the rating and date thereof.

(d) Medical Records.

(1) Medical examination forms and drug and alcohol test result forms for each employee shall be maintained in a file separate from the OPF. This is essential to protect the privacy of the individual. The records shall be maintained in a locked filing cabinet or safe with access allowed only to personnel authorized by the Corporate Director. Access must be restricted only to persons who have a "need to know" as determined and approved by the Corporate Director.

(2) Whenever access to a medical record is allowed, the ~~Office~~ HR Manager shall record on a log sheet maintained in the individual medical record:

(i) Date of access;

(ii) Name of person allowed such access; and

(iii) Reason for access.

(e) Records of EEO Cases, Disciplinary Investigations, and Official Inquiries. Any records of an EEO case, disciplinary investigation, or official inquiry concerning an employee shall be filed in a separate folder, clearly identified by the employee's name, date of birth, and Social Security number. The material shall be kept in a locked filing cabinet or safe, with access allowed only on a "need to know" basis and upon approval by the Corporate Director. The existence of any of these files shall be noted in the OPF, filed on top of the last entry therein.

(f) Confidential medical and investigation records may be kept in the same filing cabinet or safe, but must be maintained in separate drawers or areas. Access to one individual file or set of files does not allow access to others without specific authorization.

§ 100-50-1015 Disposition of Records

(a) Upon the separation of an employee for whatever reason, the employee's official personnel folder shall be closed and removed to physical storage or E-storage.

(b) Prior to sending the file to storage or E-storage, all secondary material files shall be reviewed and duplicate information or documents considered unnecessary for permanent retention will be either given to the employee or destroyed.

(c) Medical examination records and investigation file material shall be placed in the OPF for retention so that the record is accurate and complete.

(d) Records of alcohol and drug test results shall be retained in the employee's medical file until the time period for retention, established as one (1) year for negative -testing results, two (2) years for testing program records, and five (5) years for all positive testing results, has passed. At that time, the test records shall be destroyed.

§ 100-50-1020 Access to Official Personnel Folder

Employees may have access to their own official personnel folders at any time during regular working hours provided the ~~Office~~ HR Manager or another responsible employee assigned by the Corporate Director watches as the employees' reviews take place. Employees are entitled access to their medical records, but investigation reports are not available to the employees. If employees persist in their desire to see investigation reports, they should be referred to the agency which prepared the report or secure a court order authorizing the Corporate Director to allow the employee access to the investigation report.

§ 100-50-1025 Information Available to the Public

The names, present and past position titles, grades, salaries, and duty stations of a NMHC employee is information available to the public; provided, however, such shall not be available when the release of the information is otherwise prohibited by law or when the information is sought for the purpose of commercial or other solicitation. To receive information an open-government request for the information must be submitted to NMHC.

§ 100-50-1030 Reports

(a) Accurate and timely reports are invaluable to the management of a workforce. They are important to the processes of budgeting, manpower planning, forecasting staffing needs and declines, and other management areas.

(b) The ~~NMHC Office~~HR Manager is required to establish and maintain a roster of all persons in the NMHC which shall include, as a minimum, for each person, the class of position held, the salary or pay, any changes that might occur in class, title, pay, or status and any other necessary data.

(c) The Corporate Director shall prescribe a system of reports and the format for reporting to provide, on a timely basis, the information required by law and for the efficient and effective operation of the NMHC.

§ 100-50-1035 Timekeeping Records

An assigned and trained timekeeper shall be responsible for recording and certifying time and attendance reports of NMHC employees. The timekeeper shall also record and certify leave time taken by any NMHC employee. The method of recording and certifying time, attendance and leave shall be in compliance with Commonwealth and federal law and requirements established by the Corporate Director or designee.

Part 1100 - Special Provisions

§ 100-50-1101 Financial Austerity Measures

(a) At any time the Board of Directors, at the advice of the Personnel Committee, declares by directive to all staff the need for financial austerity measures (e.g., shortened workweek) that affect the NMHC, all provisions in this regulation that require increases in

employees' salaries due to permanent or temporary promotions, acting or detail assignments, reallocation or reclassification of positions, and step increases of any type, will be suspended effective on the date set in the directive.

(b) The suspension shall expire upon subsequent notice to all NMHC staff of its expiry. Upon such expiration, all employees who qualified for the increases during the time of suspension shall receive the pay increases effective the date the suspension expired. The increases shall not be made retroactive to any earlier date.

Part 1200 Miscellaneous Provisions

§ 100-50-1001 Internal Policies and Procedures

(a) The ~~Office~~ HR Manager in consultation with the Corporate Director shall implement Standard Operating Procedures for all personnel matters.
(b) All NMHC Division's shall have policies and procedures governing their programs and in compliance with applicable U.S. Department of Housing and Urban Development (HUD) program rules and regulations.
(c) The Corporate Director and the ~~Office~~ HR Manager shall ensure all policies and procedures are maintained and updated periodically in each division.
(d) All new employees shall have a copy of the NMHC Personnel Regulations.
(e) Amendments and Modifications to the NMHC Personnel Regulations shall be approved by the Personnel Committee.

NORTHERN MARIANAS HOUSING CORPORATION

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234-6866
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PUBLIC NOTICE

PROPOSED AMENDMENTS TO THE NORTHERN MARIANAS HOUSING CORPORATION'S COMMUNITY DEVELOPMENT BLOCK GRANT – DISASTER RECOVERY (CDBG-DR) HOMEBUYER ACTIVITIES PROGRAM AND HOMEOWNER REHABILITATION & RECONSTRUCTION PROGRAM POLICIES AND PROCEDURES

Notice of Intended Action: The Board of Directors of the Northern Marianas Housing Corporation intends to amend the NMHC's Community Development Block Grant – Disaster Recovery (CDBG-DR) Homebuyer Activities Program and Homeowner Rehabilitation and Reconstruction Program Policies and Procedures pursuant to the Administrative Procedure Act, 1 CMC § 9104(a). If adopted, these Amendments to the Regulations will become effective ten (10) calendar days after publication of a Notice of Adoption in the Commonwealth Register after compliance with 1 CMC §§ 9102, 9104(a), and 9105(b).

Authority: The proposed Amendments are promulgated under the authority of the Board of Directors, through its Chairperson, to promulgate rules and regulations pursuant to 2 CMC § 4433(t).

Terms and Substance: The proposed Amendments to the NMHC's Community Development Block Grant – Disaster Recovery (CDBG-DR) Homebuyer Activities Program and Homeowner Rehabilitation and Reconstruction Program Policies and Procedures affect the regulations relating to §100-100.3-001(g) to remove language regarding AMD Property Manager; §100-100.3-005(c)(1) to remove US Post Offices from public notice locations; §100-100.3-101 adding language regarding Title 18, Section I00I; §100-100.3-201(a) replacing green card holder with Permanent Resident; §100-100.3-301 clarifying the types of program and amending the affordability period from 5 years to 10 years; §100-100.3-315(a)(1) amending 5 years to 10 years; §100-100.3-315(a)(2) replacing Forgiveness with Reduction During Affordability Period; §100-100.3-315(a)(3) amending 5 years to 10 years; §100-100.3-315(b) replacing HOME with CDBG-DR; §100-100.3-401 removing Relocation costs; §100-100.3-401(c) amending Grant closing fees and related costs; §100-100.3-605(a) to remove the MCD Manager and transferring duties of the Duplication of Benefits analysis from the CDBG-DR Compliance Manager to the CDBG-DR Housing Administrator; §100-100.3-605(b)(2) to remove the MCD Manager; §100-100.3-605(c)(1) to change the appeal process to go through the NMHC Corporate Director prior to the NMHC Board of Directors; §100-100.3-610(a) to amend the number of housing counseling session hours from eight to four; Part 800 to include a new section on Fraud, Waste and Abuse; Part 1000 to include a new section on Ethics to cover Conflict of Interest; §100-100.3-1101(e)(2)(v) to add additional items in the final payment submission; §100-100.3-1210 to remove acronyms that are no longer applicable; Appendix A.2 to replace the application checklist to reflect the most current

checklist; §100-100.4-002(c)(1) to remove US Post Offices from public notice locations; §100-100.4-201 to clarify grant amount for Rehabilitation and Reconstruction Programs; §100-100.4-240(b) to amend grant closings and other related costs; §100-100.4-355(a)(1)(2) to specify the responsibility of the CDBG-DR Housing Administrator; §100-100.4-355(b)(1)(ii)&(2) to remove "loan or"; §100-100.4-360 to amend the number of housing counseling session hours from eight to four; §100-100.4-365 to replace Grant Agreement with Commitment Letter; §100-100.4-365(a) removed section; §100-100.4-370 to clarify language regarding Preliminary Title Reports; §100-100.4-370(d) removed section; §100-100.4-374 to §100-100.4-380 removed sections; §100-100.4-401(f) to replace nine months to twelve months and Grant Agreement with Written Agreement; §100-100.4-401(f)(2)(v) to add additional items in the final payment submission; Part 500 to include a new section on Fraud, Waste and Abuse; §100-100.4-1101 to remove acronyms that are no longer applicable; Appendix A.1, 1.4 to include Davis Bacon requirements.

Citation of Related and/or Affected Statutes, Rules and Regulations. The proposed Amendments relating to §100-100.3-001(g), §100-100.3-005(c)(1), §100-100.3-101, §100-100.3-201(a), §100-100.3-301, §100-100.3-315(a)(1), §100-100.3-315(a)(2), §100-100.3-315(a)(3), §100-100.3-315(b), §100-100.3-401, §100-100.3-401(c), §100-100.3-605(a), §100-100.3-605(b)(2), §100-100.3-605(c)(1), §100-100.3-610(a), Part 800, Part 1000, §100-100.3-1101(e)(2)(v), Appendix A.2, §100-100.4-002(c)(1), §100-100.4-201, §100-100.4-240(b), §100-100.4-355(a)(1)(2), §100-100.4-355(b)(1)(ii)&(2), §100-100.4-360, §100-100.4-365, §100-100.4-365(a), §100-100.4-370, §100-100.4-370(d), §100-100.4-374 to §100-100.4-380, §100-100.4-401(f), §100-100.4-401(f)(2)(v), Part 500, §100-100.4-1101, Appendix A.1, 1.4.

Directions for Filing and Publication: These proposed Amendments to the Northern Marianas Housing Corporation's Community Development Block Grant – Disaster Recovery (CDBG-DR) Homebuyer Activities Program and Homeowner Rehabilitation and Reconstruction Program Policies and Procedures shall be published in the Commonwealth Register in the section on proposed and newly adopted regulations (1 CMC § 9102(a)(1)) and posted in convenient places in the Civic Center and in local government offices in each senatorial district; the Public Notice of Proposed Adoption shall be both in English and in the principal vernacular (1 CMC § 9104(a)(1)).

Comments: Interested parties may submit written comments on the proposed amendments to Zenie P. Mafnas, Corporate Director, NMHC, to the following address, fax or email address, with the subject line "Proposed Amendments to the NMHC's Community Development Block Grant – Disaster Recovery (CDBG-DR) Homebuyer Activities Program and Homeowner Rehabilitation and Reconstruction Program Policies and Procedures:"

NORTHERN MARIANAS HOUSING CORPORATION
PO Box 500514
Saipan, MP 96950
Fax: 234-9021
Email address: zpmafnas@nmhcgov.net

Comments, data, views, or arguments are due within thirty (30) calendar days from the date of publication of this notice. 1 CMC § 9104(a)(2). If you have any questions, you may reach NMHC at telephone nos. 234-6866/234-9447/234-7689.

Submitted by: _____ 03/06/2025
Merced "Marcie" M. Tomokane Date
Chairperson
NMHC Board of Directors

Received by: _____ 03/06/2025
Oscar M. Babauta Date
Special Assistant for Administration

Filed and
Recorded by: _____ 03.10.2025
Esther R.M. San Nicolas Date
Commonwealth Registrar

Pursuant to 1 CMC § 2153(e) and 1 CMC § 9104(a)(3) the proposed Amendments to the Community Development Block Grant – Disaster Recovery (CDBG-DR) Homebuyer Activities Program and Homeowner Rehabilitation and Reconstruction Program Regulations attached hereto have been reviewed and approved as to form and legal sufficiency by the CNMI Attorney General and shall be published (1 CMC § 2153(f) (publication of rules and regulations)).

_____ 3/10/2025
Edward Manibusan Date
Attorney General

NORTHERN MARIANAS HOUSING CORPORATION

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NUTISIAN PUPBLIKU

MANMAPROPONI NA TINILAIKA GI NORTHERN MARIANAS HOUSING CORPORATION'S COMMUNITY DEVELOPMENT BLOCK GRANT – DISASTER RECOVERY (CDBG-DR) POLICIES YAN I MANERAN PRUGRÅMAN HOMEOWNER REHABILITATION YAN MANRIPEHAN YAN MAMÅHAN GUMA' OSINO PROPIEDÅT

Nutisia i Ma'intensiona na Aksión: I Kuetpun Mandirektot gi Northern Marianas Housing Corporation ha intensiona para u amenda i NMHC's Community Development Block Grant – Disaster Recovery (CDBG-DR) i Policies yan i Maneran Prugråman Homeowner Rehabilitation yan Manripehan yan Mamåhan Guma' osino Propiedåt sigun gi Åkton Administrative Procedure, 1 CMC § 9104(a). Yanggin ma'adåpta, esti siha na Tinilaika gi Regulasion siempri umifektibu gi dies (10) dihas gi halum kalendåriu dispues di pupblikasion nu i Nutisian Adåptasion gi halum Rehistran Commonwealth dispues di compliance yan i 1 CMC §§ 9102, 9104(a), yan 9105(b).

Åturidåt: I maproponi na Tinilaika siha manmacho'gui gi papa' i aturidåt nu i Kuetpun Mandirektot, ginen Kabesiyun-ñiha, para u macho'gui i areklamentu yan regulasion siha sigun gi 2 CMC § 4433(t).

I Tema yan Sustånsian i Palåbra siha: I maproponi na Tinilaika siha gi NMHC's Community Development Block Grant – Disaster Recovery (CDBG-DR) i Policies yan i Maneran Prugråman Homeowner Rehabilitation yan Manripehan yan Mamåhan Guma' osino Propiedåt ha afekta i regulasion ni umasosiåt ya para hu man na halom nuebu na §100-100.3-001(g) to remove language regarding AMD Property Manager; §100-100.3-005(c)(1) to remove US Post Offices from public notice locations; §100-100.3-101 adding language regarding Title 18, Section I00I; §100-100.3-201(a) replacing green card holder with Permanent Resident; §100-100.3-301 clarifying the types of program and amending the affordability period from 5 years to 10 years; §100-100.3-315(a)(1) amending 5 years to 10 years; §100-100.3-315(a)(2) replacing Forgiveness with Reduction During Affordability Period; §100-100.3-315(a)(3) amending 5 years to 10 years; §100-100.3-315(b) replacing HOME with CDBG-DR; §100-100.3-401 removing Relocation costs; §100-100.3-401(c) amending Grant closing fees and related costs; §100-100.3-605(a) to remove the MCD Manager and transferring duties of the Duplication of Benefits analysis from the CDBG-DR Compliance Manager to the CDBG-DR Housing Administrator; §100-100.3-605(b)(2) to remove the MCD Manager; §100-100.3-605(c)(1) to change the appeal process to go through the NMHC Corporate Director prior to the NMHC Board of Directors; §100-100.3-610(a) to amend the number of housing counseling session hours from eight to four; Part 800 to include a new section on Fraud, Waste and Abuse; Part 1000 to include a new section on Ethics to cover Conflict of Interest; §100-100.3-1101(e)(2)(v) to add additional items in the final payment submission; §100-100.3-1210 to remove acronyms that are no longer applicable; Appendix A.2 to replace the

application checklist to reflect the most current checklist; §100-100.4-002(c)(1) to remove US Post Offices from public notice locations; §100-100.4-201 to clarify grant amount for Rehabilitation and Reconstruction Programs; §100-100.4-240(b) to amend grant closings and other related costs; §100-100.4-355(a)(1)(2) to specify the responsibility of the CDBG-DR Housing Administrator; §100-100.4-355(b)(1)(ii)&(2) to remove "loan or"; §100-100.4-360 to amend the number of housing counseling session hours from eight to four; §100-100.4-365 to replace Grant Agreement with Commitment Letter; §100-100.4-365(a) removed section; §100-100.4-370 to clarify language regarding Preliminary Title Reports; §100-100.4-370(d) removed section; §100-100.4-374 to §100-100.4-380 removed sections; §100-100.4-401(f) to replace nine months to twelve months and Grant Agreement with Written Agreement; §100-100.4-401(f)(2)(v) to add additional items in the final payment submission; Part 500 to include a new section on Fraud, Waste and Abuse; §100-100.4-1101 to remove acronyms that are no longer applicable; Appendix A.1, 1.4 to include Davis Bacon requirements.

Sitasión i Asosiåt yan/pat i Manina´fekta na Statutes, Areklamentu yan Regulasion siha: I maproponi na Tinilaika siha ni umasosiåt ya para hu man na halom nuebu na §100-100.3-001(g), §100-100.3-005(c)(1), §100-100.3-101, §100-100.3-201(a), §100-100.3-301, §100-100.3-315(a)(1), §100-100.3-315(a)(2), §100-100.3-315(a)(3), §100-100.3-315(b), §100-100.3-401, §100-100.3-401(c), §100-100.3-605(a), §100-100.3-605(b)(2), §100-100.3-605(c)(1), §100-100.3-610(a), Part 800, Part 1000, §100-100.3-1101(e)(2)(v), Appendix A.2, §100-100.4-002(c)(1), §100-100.4-201, §100-100.4-240(b), §100-100.4-355(a)(1)(2), §100-100.4-355(b)(1)(ii)&(2), §100-100.4-360, §100-100.4-365, §100-100.4-365(a), §100-100.4-370, §100-100.4-370(d), §100-100.4-374 to §100-100.4-380, §100-100.4-401(f), §100-100.4-401(f)(2)(v), Part 500, §100-100.4-1101, Appendix A.1, 1.4.

Direksion siha para u Mapo'lu yan Pupblikasion: Esti i maproponi na Tinilaika siha gi Northern Marianas Housing Corporation's Community Development Block Grant – Disaster Recovery (CDBG-DR) i Policies yan i Maneran Prugråman Homeowner Rehabilitation yan Mamåhan Guma' osino Propiedåt debi na u mapupblika gi halum i Rehistran Commonwealth gi halum seksion i maproponi yan nuebu na ma'adåpta na regulasion siha (1 CMC § 9102(a)(1)) yan u mapega gi hålum mankumbinienti na lugåt gi halum i Civic Center yan i hålum ufisinan gubietnamentu siha gi kada distritun senadot; i Nutisian Pupbliku put i Maproponi na Adaptasion debi na gi finu' Inglis yan i dos na lingguåhi natibu. (1 CMC § 9104(a)(1)).

Upiñon siha: I intirisao na petsona siha siña muna´hålum tinigi´ upiñon siha put i manmaproponi na Tinilaika siha guatu gi as Zenie P. Mafnas, Corporate Director, NMHC gi sigienti na address, fax, pat email address, yan i råyan suhetu "Maproponi na Tinilaika siha gi NMHC's Community Development Block Grant – Disaster Recovery (CDBG-DR) i Policies yan i Maneran Prugråman Homeowner Rehabilitation yan Mamåhan Guma' osino Propiedåt:"

NORTHERN MARIANAS HOUSING CORPORATION
PO Box 500514
Saipan, MP 96950
Fax: 234-9021
Email address: zpmafnas@nmhcgov.net

I upiñon, infotmasion yan kuntestasión siha debi na u fanhålum gi hålum trenta (30) dihas ginin i fetchan pupblikasion esti na nutisia. 1 CMC § 9104(a)(2). Kumu guaha maseha håfa na kuestion-mu, siña un ågang i NMHC gi numirun tilifon gi 234-6866/234-9447, 234-7689.

Nina´halum as: _____ Fetcha: 03/06/2025
Merced "Marcie" M. Tomokane
Kabesiyu
Kuetpun Mandirektot NMHC

Rinisibi as: _____ Fetcha: 03/06/2025
Oscar M. Babauta
Ispisiåt Na Ayudånti Para I Atministrasion

Pine´lu yan
Ninota as: _____ Fetcha: 03.10.2025
Esther R.M. San Nicolas
Rehistran Commonwealth

Sigun gi 1 CMC § 2153(e) yan 1 CMC § 9104(a)(3) i maproponi na Tinilaika siha gi Regulasion Community Development Block Grant – Disaster Recovery (CDBG-DR) i Policies yan i Maneran Prugråman Homeowner Rehabilitation yan Manripehan yan Mamåhan Guma' osino Propiedåt ni chechettun guini maribisa yan maninaprueba komu para u fotma yan ligåt sufisienti ginen i Abugådu Hinirât iya CNMI yan debi na u mapupblika (1 CMC § 2153(f) (pupblikasion nu areklamentu yan regulasion siha)).

_____ 3/10/2025
Edward Manibusan
Abugådu Hinirât
Fetcha

NORTHERN MARIANAS HOUSING CORPORATION

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Fax: (670) 234-9021

ARONGORONGOL TOULAP

PWOMWOL LIIWEL NGÁLI NORTHERN MARIANAS HOUSING CORPORATION'S COMMUNITY DEVELOPMENTAL BLOCK GRANT – DISASTER RECOVERY (CDBG-DR) HOMEOWNER REHABILITATION ME RECONSTRUCTION PROGRAM ME HOMEBUYER ACTIVITIES PROGRAM POLICIES ME PROCEDURES

Arong reel Ipighil Mwóghut: Board-il Directors me Northern Marianas Housing Corporation rebwe ipighil liiweli NMHC's Community Development Block Grant–Disaster Recovery (CDBG-DR) Homeowner Rehabilitation me Reconstruction Program me Homebuyer Activities Program Policies me Procedures sángi Administrative Procedure Act, 1 CMC § 9104(a). Ngáre a adopted ló, Liiwel kkaal ngáli Mwóghútúghút kkaal llól seigh (10) ráál mwiril akkatééwow mellól Commonwealth Register ebwe bwunguló Arongorongol Adoption mwiril yaal angúúngú fengál me 1 CMC §§ 9102, 9104(a), me 9105(b).

Bwángil: Reel pwomwol Liiwel kkaal ebwe arongowow faal bwángil Board of Directors, sángi layúr Chairperson, ebwe arongowow allégh me mwóghutughut sángi 2 CMC § 4433(t).

Kkapasal me Aweeweel: Pwomwol Liiwel ngáli yaar NMHC Community Development Block Gant – Disaster Recovery (CDBG-DR) Homeowner Rehabilitation me Reconstruction Program me Homebuyer Activities Program Policies me Procedures ee liiweli mwóghutughut ikka ee schuu ngáli §100-100.3-001(g) to remove language regarding AMD Property Manager; §100-100.3-005(c)(1) to remove US Post Offices from public notice locations; §100-100.3-101 adding language regarding Title 18, Section I00I; §100-100.3-201(a) replacing green card holder with Permanent Resident; §100-100.3-301 clarifying the types of program and amending the affordability period from 5 years to 10 years; §100-100.3-315(a)(1) amending 5 years to 10 years; §100-100.3-315(a)(2) replacing Forgiveness with Reduction During Affordability Period; §100-100.3-315(a)(3) amending 5 years to 10 years; §100-100.3-315(b) replacing HOME with CDBG-DR; §100-100.3-401 removing Relocation costs; §100-100.3-401(c) amending Grant closing fees and related costs; §100-100.3-605(a) to remove the MCD Manager and transferring duties of the Duplication of Benefits analysis from the CDBG-DR Compliance Manager to the CDBG-DR Housing Administrator; §100-100.3-605(b)(2) to remove the MCD Manager; §100-100.3-605(c)(1) to change the appeal process to go through the NMHC Corporate Director prior to the NMHC Board of Directors; §100-100.3-610(a) to amend the number of housing counseling session hours from eight to four; Part 800 to include a new section on Fraud, Waste and Abuse; Part 1000 to include a new section on Ethics to cover Conflict of Interest; §100-100.3-1101(e)(2)(v) to add additional items in the final payment submission; §100-100.3-1210 to remove acronyms that are no longer applicable; Appendix A.2 to replace the application checklist to reflect the most current checklist; §100-100.4-002(c)(1) to remove US Post Offices from public notice locations; §100-

100.4-201 to clarify grant amount for Rehabilitation and Reconstruction Programs; §100-100.4-240(b) to amend grant closings and other related costs; §100-100.4-355(a)(1)(2) to specify the responsibility of the CDBG-DR Housing Administrator; §100-100.4-355(b)(1)(ii)&(2) to remove "loan or"; §100-100.4-360 to amend the number of housing counseling session hours from eight to four; §100-100.4-365 to replace Grant Agreement with Commitment Letter; §100-100.4-365(a) removed section; §100-100.4-370 to clarify language regarding Preliminary Title Reports; §100-100.4-370(d) removed section; §100-100.4-374 to §100-100.4-380 removed sections; §100-100.4-401(f) to replace nine months to twelve months and Grant Agreement with Written Agreement; §100-100.4-401(f)(2)(v) to add additional items in the final payment submission; Part 500 to include a new section on Fraud, Waste and Abuse; §100-100.4-1101 to remove acronyms that are no longer applicable; Appendix A.1, 1.4 to include Davis Bacon requirements.

Citation reel Milikka ee Schuu me/ngare "Affected Statutes", Allégh me Mwóghutughut: Reel pwomwol Liiwel ikka ee schuu ngáli add §100-100.3-001(g), §100-100.3-005(c)(1), §100-100.3-101, §100-100.3-201(a), §100-100.3-301, §100-100.3-315(a)(1), §100-100.3-315(a)(2), §100-100.3-315(a)(3), §100-100.3-315(b), §100-100.3-401, §100-100.3-401(c), §100-100.3-605(a), §100-100.3-605(b)(2), §100-100.3-605(c)(1), §100-100.3-610(a), Part 800, Part 1000, §100-100.3-1101(e)(2)(v), Appendix A.2, §100-100.4-002(c)(1), §100-100.4-201, §100-100.4-240(b), §100-100.4-355(a)(1)(2), §100-100.4-355(b)(1)(ii)&(2), §100-100.4-360, §100-100.4-365, §100-100.4-365(a), §100-100.4-370, §100-100.4-370(d), §100-100.4-374 to §100-100.4-380, §100-100.4-401(f), §100-100.4-401(f)(2)(v), Part 500, §100-100.4-1101, Appendix A.1, 1.4.

Afal reel Ammwelil me Akkatééwowul: Ikkaal pwomwol Liiwel ngáli Northern Marianas Housing Corporation Community Block Grant – Disaster Recovery (CDBG-DR) Homeowner Rehabilitation me Reconstruction Program me Homebuyer Activities Program Policies me Procedures ebwe arongolong lóll Commonwealth Register llól tálil ffél mwóghutughut ikka ra adóptáálil (1 CMC § 9102(a)(1) me ebwe a appaschetá llól bwuley kka efil mellól civic center bwal llól government offices llól ghal ikkey senatorial district; ebwe lo Arongorongol Toulap reel Pwomwol Liiwel kkaal ebwe llól English me mwáliyasch (1 CMC § 9104(a)(1)).

Kkapas: Schóó kka re tipáli rebwe isiisilong ischil kkapas reel iyeel pwomwol liiwel kkaal rebwe isch ngáli Zenie P. Mafnas, Corporate Director, NMHC, ngáli féléfél iye amwirimwiritiw, fax ngáre email address, ebwe lo wóól subject line bwe "Proposed Amendments to the NMHC's Community Development Block Grant – Disaster Recovery (CDBG-DR) Homeowners Rehabilitation and Reconstruction Program and Homebuyer Activities Program Policies and Procedures".

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Kkapas, data, views, ngáre angiingi ebwe toolong llól eliigh (30) ráál mwiril yaal akkatééwow arongorong yeel. 1 CMC § 9104(a)(2). Ngáre eyoor yóómw aiyegh, faingiló NMHC me 234-6866/234-9447/234-7689.

Isáliyalong: _____ Ráál: 03/06/2025

Merced "Marcie" M. Tomokane
Chairperson
NMHC Board of Directors

Bwughiyal: for _____ Ráál: 03/06/2025

Oscar M. Babauta
Special Assistant ngáli Administration

Ammwelil: _____ Ráál: 03.10.2025

Esther R.M. San Nicolas
Commonwealth Register

Sángi 1 CMC § 2153(e) me 1 CMC § 9104(a)(3) ra takkal amwuri fischiiy me átirowa ppwommwol Liiwel ngáli Mwóghutughutúl Procurement ikka e appasch bwe aa ffil reel fféérúl me legal sufficiency sángi Soulemelemil Allégh Lapalapal CNMI me ebwe akkatééwow (1 CMC § 2153(f) (akkatééwowul allégh me mwóghutughut)).

_____ 3/10/2025

Edward Manibusan
Soulemelemil Allégh Lapalap

Ráál

SUBCHAPTER 100-100.3
CDBG-DR POLICIES AND PROCEDURES FOR HOMEBUYER ACTIVITIES

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Part 001 - General Provisions

§ 100-100.3-001 Introduction

(a) As a result of the 2018 storms, namely Typhoon Mangkhut and Super Typhoon Yutu, the Commonwealth of the Northern Mariana Islands (CNMI) received an allocation of Community Development Block Grant Disaster Recovery (CDBG-DR) funds which will be administered by the Northern Marianas Housing Corporation (NMHC). NMHC has developed the Homebuyer Program patterned after HUD's HOME program to cover the eligible costs to construct a new home, acquire a home, or to acquire and renovate a home. The governor of the CNMI has placed housing as the highest recovery priority. The total allocation amount under this Program is $59,009,534.

(b) At the time of Typhoon Mangkhut and Super Typhoon Yutu, the CNMI was still and most recently recovering from Typhoon Soudelor that hit the islands in 2015. The Soudelor event received only FEMA assistance and did not receive HUD CDBG-DR funds so recovery efforts have been slow and on-going.

(c) A shortage of available homes for sale or vacant house lots was in existence prior to the typhoons mentioned above. Overall damage to the housing stock compounded the shortage of affordable housing stock. Further, in July of 2017, there were still 2,614 homestead applicants on the waiting list per the Department of Public Lands, demonstrating the continuing need for affordable housing.

(d) The CDBG-DR Homebuyer Program provides an opportunity for first-time homebuyers to build resilient homes or to purchase existing homes in lower risk areas and to add to the housing stock of typhoon-proof homes.

(e) Funds will be made available for eligible projects and to eligible beneficiaries through the following forms of financial assistance or subsidy:
   (1) Grants for acquisition (land or home) or for new construction of home. Must be applicant's primary residence
   (2) Downpayment assistance
   (3) Closing cost assistance

(f) Due to the limited availability of CDBG-DR funds allocated to the Commonwealth of the Northern Mariana Islands (CNMI) from the U.S. Department of Housing and Urban Development (HUD), financial assistance will be limited to qualified extremely low, very low-, low-, and moderate-income homebuyers. No less than eighty percent (80%) of CDBG-DR funds will be used to assist families with income levels at or below 80 percent of the area median income while the remaining twenty percent (20%) of the funds will be used to assist families with income levels at or below 120 percent of the area median income. Eligible households over 80% AMI will meet the national objective of urgent need. These families' income eligibility is based on their annual income. Annual income for this purpose is the gross amount of income anticipated by all adults in a family during the 12 months following the

effective date of the determination. The determination of income and allowances as a criterion to qualify these homebuyers shall be guided by 24 CFR Part 5 (Part 5 annual income).

(g) NMHC, on behalf of the CNMI, has been tasked with the responsibility and administration of the CDBG-DR Homebuyer Program. Support services will also be provided by NMHC's Fiscal Division (FD) with respect to CDBG-DR related disbursement of funds and collection of payments, accounting, and maintenance of financial records. NMHC's ~~AMD Property Manager will provide technical assistance and work with the~~ CDBG-DR Project Manager, in-house engineer/architect, and hired A&E firms with respect to reasonableness of cost estimates, dwelling unit inspections, and other related matters. Overall, the NMHC Corporate Director will assume ultimate responsibility for the efficient and proper administration of the CDBG-DR Homebuyer Program in accordance with federal and local statutory and regulatory requirements.

(h) With these policies and procedures, NMHC will strive to accomplish the following objectives:

(1) Provide for the efficient and effective administration of the CDBG-DR Program wherein eligible beneficiaries can avail the financial assistance provided for the construction of their principal residence, acquisition of their principal residence, or acquisition and repair of their principal residence;

(2) Foster positive working relationships among NMHC, homebuyers assisted with CDBG-DR monies, and Minority and Women-Owned Businesses (MBE/WBE); as well as prospective developers;

(3) Enforce the 2018 International Building Code (IBC) enacted by law and any updates approved by regulations by the CNMI Department of Public Works; and HUD-prescribed residential building standards; and

(4) Preserve and improve the general housing stock of the CNMI. There was an existing housing shortage prior to the storms and the housing/homebuyer market has been stressed and exacerbated by the storms.

(i) These policies and procedures shall govern; however, in situations in which these policies and procedures are silent, NMHC's general standard grants policies/procedures to address these situations in the administration of the CDBG-DR Homebuyer Program will apply.

§ 100-100.3-005 Public Announcement

(a) Publicity.

- Upon notification from HUD of the approval of the grant agreement, NMHC shall publish such approval within thirty calendar days from the date of the approval. General information of the CDBG-DR Homebuyer Program shall be published in the print media

of the widest local circulation and other suitable means available (social media, CDBG-DR website, etc.). CDBG-DR Homebuyer Program information shall also be posted on public and private bulletin boards where announcements are commonly posted. Grant applications may be submitted on or after a specified date to be stated in the public notice.

(1) Note: When it is determined that CDBG-DR funds have been exhausted, the application intake may be closed until funding is once again available. Those applicants who did not submit their grant applications when funds were available may do so once NMHC is notified by HUD of the availability of funds and after such notice is published.

(2) As of the date of this posting, the program is closed. Not all of the current pool of accepted applicants will be able to be served by the program with the current funding available. Care will be taken to ensure that the appropriate number of low and moderate applicants are served based on the Action Plan.

(3) LMI Applicants who were denied assistance under the prior loan program based on high debt-to-income ratios, and who may be otherwise eligible, shall be PRIORITIZED under the grant program over the current pool of eligible applicants currently being served, and before the program is re-opened to the public and after determined to meet the following criteria or conditions:

a. Continued interest and eligibility for program assistance;
b. Determination of Ability to Maintain Housing as prescribed under § 100-100.3.-201 (e); and
c. Receive assistance based in the order of applicants' time stamped application.

(b) Contents. Program announcements shall inform interested applicants on how and where they may obtain an application and additional information on the type of CDBG-DR Homebuyer Program activity being administered in the CNMI. Such announcements shall further contain the following information:

(1) Brief overview of the Homebuyer program;

(2) General list of eligible activities available;

(3) Amount of funds available;

(4) General eligibility requirements to qualify for financial assistance;

(5) Homebuyer selection process;

(6) Fair Housing logo and Equal Opportunity language;

(7) Opening date for acceptance of applications;

(c) Affirmative Marketing. To ensure that all persons are effectively and adequately informed about the CDBG-DR Homebuyer Program and the availability of funds, brochures or program information notices shall be provided and distributed or posted in the following locations and shall contain the information described in subsection (b). Brochures and/or program information notices shall be made available at the following public and private areas:

~~(1) U.S. Post Offices;~~
~~(2)~~(1) Major shopping centers;
~~(3)~~(2) Public health centers;
~~(4)~~(3) Places of worship;
~~(5)~~(4) Government office buildings;
~~(6)~~(5) The Nutrition Assistance Program (Food Stamp) office(s); and
~~(7)~~(6) U.S. Social Security Administration office(s).

Part 100 - Application

§ 100-100.3-101 Formal Application

Upon initial determination of eligibility after completion of the pre-qualification process, which involves household income and citizenship verification, applicants may obtain a Uniform Residential Grant Application form along with a checklist of required documents in order to complete the application submission. Those applicants who are initially determined eligible shall be notified to provide additional documents to further process their applications. Proper completion of the formal application and submission of supplemental information shall be in accordance with CDBG-DR Homebuyer Program and NMHC grant processing procedures. Grant which applications shall be completed and signed by applicant(s) requesting assistance and such signature(s) shall certify to the truth of all statements contained therein.

Title 18, Section I 00 I, et seq. of the United States Code, the general false statement statute, outlaws making materially false statements, intentional or negligent misrepresentations in matters within the jurisdiction of a federal agency or department, such as federal disaster relief funding. Civil or criminal penalties, including but not limited to fine, imprisonment or both, as well as repayment of any assistance provided, may be pursued. Under Section I00I, a statement is a crime if it is false, regardless of whether it is made under oath. Failure to disclose accurate and complete information may affect eligibility requirements. Some of the information submitted by applicants will be validated through third-party sources during the eligibility process.

The following is incorporated into all application and grant documents:

Warning: *Any person who knowingly makes a false claim or statement to HUD may be subject to civil or criminal penalties under 18 U.S.C. 287, 1001 and 31 U.S.C. 3729. Under penalties of perjury, I/we certify that the information presented above is true and accurate to the best of my/our knowledge and belief. I/We*

further understand that providing false representations herein constitutes an act of fraud. False, misleading or incomplete information may result in my ineligibility to participate in this program or any other programs that will accept this document. Title 18, Section 1001 of the U.S. Code states that a person is guilty of a FELONY if he/she knowingly and willfully makes a false statement to any department of the United States Government.

§ 100-100.3-105 Supplemental Information

(a) Completed applications shall be submitted together with the following supporting information which shall be used solely for the purpose of determining applicant eligibility for financial assistance:

(1) Prior year's income tax return and/or W-2 Tax Form;

(2) Recent check stubs for the past two months prior to applying for CDBG-DR program financial assistance of all household members that are 18 years old or older;

(3) Other forms of documentation of income (i.e., Social Security payments, SSI, retirement income, etc.), if any;

(4) Interested applicants must provide proof of ownership such as fee simple title to the property. Ownership may also include leases of 40 years or more provided that the applicant must have at least a minimum of thirty (30) years leasehold interest remaining on the property to be improved.

(5) If property has been identified, proof of land ownership or lease agreement for principal residence to be used as collateral for the grant. Non-indigenous residents cannot own land and must provide a lease agreement.

If no land ownership or lease agreement is available, lot number and lot description must be provided for parcel that the applicant is planning to purchase;

(6) Property map for principal residence;

(7) Preliminary Title Report (PTR) showing clear title to property; and

(8) Savings and checking account(s) information, if any~~; and~~.

(b) A checklist of the above-described supplemental information shall be provided with each formal application obtained. Additional information may be requested if deemed necessary by NMHC to ensure the eligibility of each applicant. NMHC must complete the Borrower's income eligibility within six (6) months before the homebuyer(s) acquires the property.

(c) To substantiate eligibility, supplemental information submitted with each grant application shall be verified in writing, from a reliable third party and such verification shall be considered valid for a period of one hundred eighty (180) calendar days from the date the verification was completed. Prior to verifying any applicant information, NMHC shall obtain written authorization from the applicants.

(d) If a written third-party verification is not used, notarized statements or signed affidavits by the applicants shall be an acceptable form of verification, but only in situations where a more acceptable form of verification cannot be obtained.

Part 200 - Eligibility

§ 100-100.3-201 Eligibility Requirements

(a) Must be a U.S. Citizen or ~~green card holder~~Permanent Resident.

(b) Must be a first-time homebuyer. A **first-time homebuyer** is an individual who has had no ownership in a principal residence during the 3-year period ending on the date of purchase of the property or new home construction completion. This includes a spouse (if meets the above test, they are considered **first-time homebuyers**).

(c) Must be a resident of the CNMI at the time of application or have been a resident of the CNMI at the time of the qualifying event.

(d) Household Income.

(1) Homebuyer(s) must qualify as a low-income household as defined in Section 3(b)(2) of the Housing Act of 1937. Income eligibility is determined based on annual income. Combined anticipated gross household income of adults 18 years old or older, must not exceed 80% of the median income for the area (adjusted for family size), as prescribed by HUD (see § 100-100.3201(a)(2)). However, household income of adults 18 years old or older exceeding 80% of the median income for the area but not greater than 120% will also be eligible for assistance.

To qualify for the First Time Homebuyer Program, applicants must meet prescribed income limits as published annually by HUD. Priority is given to applicants at 80% or less of median income based on household size. The program will also serve those households in the 81% to 120% range. The most current income limits can be found at:
https://www.huduser.gov/portal/datasets/il/il2022/2022summary.odn

(2) NMHC shall use HUD's Section 8 of Part 5 Technical Guidelines as the basis in calculating annual gross household income. NMHC will verify their income using at least two months of source documentation such as wage statements, interest

statements, and SSI documents to determine if program applicants are income eligible.

(3) CDBG-DR Homebuyer Program Underwriting Guidelines and Subsidy Layering is further outlined herein under Part 1200, § 100-100.3-1201.

(e) Determination of Ability to Maintain Housing. NMHC shall evaluate the gross monthly income of both applicant and co-applicant (homebuyers) combined, to determine the amount available for housing costs. This would include insurance, utilities, and typical maintenance costs. This will ensure that the new homeowner will be able to afford the home over the affordability period.

(f) Property Ownership. Interested applicants must provide proof of ownership such as fee simple title to the property. Ownership also includes leases of 40 years or more provided that the applicant must have at least a minimum of thirty (30) years leasehold interest remaining on the property to be improved. If the applicant does not yet own the property, a parcel description must be provided to facilitate the completion of the required tiered environmental review.

(g) Principal Residence and Annual Recertification.

(1) Homebuyers/Applicants approved to receive financial assistance must occupy the property as their principal/primary residence immediately upon completion of all CDBG-DR Homebuyer funded activities. An annual recertification for principal residency notice and form shall be sent to homebuyers/borrowers to complete, sign, and submit to NMHC in order to confirm and have on file that they are continually occupying the mortgaged property and housing. The following stipulations apply for a principal residence:

(i) A deed restriction or covenant running with the land shall incorporate this requirement;

(ii) The grant documents between the homeowner and NMHC shall also incorporate this requirement;

(iii) Temporary subleases are not allowed.

(2) Annual recertifications shall be required for all CDBG-DR homebuyer-assisted borrowers. This is conducted in order for homeowners to maintain compliance with the affordability restrictions.

(3) Annual recertifications through field visits may be conducted if the required completed form has not been provided, or if the account status is pending probate, or the account has been accelerated to the collection attorney for foreclosure

proceedings. The Grant Specialist shall verify the borrower(s) principal residence and, as necessary, to take photos and document the status of the residential unit.

(h) Grant Cancellation. NMHC reserves the right to cancel any grant if in its opinion the homebuyer(s)/applicant(s) have not substantially complied with all the terms and conditions of the grant agreement and restrictive covenant.

Part 300 - Affordability Restrictions

§ 100-100.3-301 Long Term Affordability

The Federal Register notice requires that new construction of housing (not impacted by the qualifying disaster) remain affordable for a specific period of time.~~,~~
NMHC will impose the following affordability periods:

	Minimum Length of the Affordability Period
~~Rehabilitation~~Homebuyer with Reconstruction/Rehabilitation/New Construction	–15 years
New Construction	15 years

(a) The affordability requirements are to be imposed by deed restrictions, covenants running with the land, or other mechanisms approved by HUD, except that the affordability restrictions may terminate upon transfer in lieu of foreclosure. NMHC may use its right of first refusal, as set forth in the grant documents, to purchase the housing before the transfer in lieu of foreclosure to preserve affordability.

(b) The affordability restrictions shall continue according to the original terms if, during the original affordability period, the owner of record before the termination event, or any entity that includes the former owner or those whom, the former owner has or had family or business ties, obtains an ownership interest in the project or property. If a home purchased with CDBG-DR assistance is sold during the affordability period, recapture provisions apply to ensure the continued provision of affordable homeownership. Grant payoffs do not end the affordability period.

§ 100-100.3-305 Right of First Refusal

During the affordability period, the homeowner(s) agrees not to sell or assign the residence hereby built or purchased to any persons or persons unless and until homeowner(s) proposes to sell same to NMHC, its successors or assigns, on terms consistent with preserving affordability and allows then sixty (60) days' time within which to purchase said residence.

§ 100-100.3-310 Resale

[Reserved]

§ 100-100.3-315 Recapture

(a) Recapture. NMHC will ensure that it recoups all or a portion of the CDBG-DR grant assistance provided to the homebuyer(s) if the housing unit ceases to be the principal residence of the homebuyer(s) for the duration of the period of affordability. All subsidy amounts (in the form of grants) that directly benefited the property owner (i.e., through grants, down payment and/or closing cost assistance,) are also subject to recapture. Recapture is capped at what is available out of net proceeds for agreements after January 2021. Net proceeds are defined as the sales price less superior non CDBG-DR debt (if any) fewer closing costs. NMHC will utilize the following recapture options:

(1) Recapture entire amount. NMHC may recapture the entire amount of the grant and/or subsidy from the homebuyer(s) if the sale of the property occurs within halfway into the given affordability period. For example, a homebuyer was approved for a $50,000 CDBG-DR grant to construct a home. The affordability period is therefore, ~~ten~~ fifteen (15) years. On the fourth year, the borrower sells the house for $60,000. Since the borrower failed to comply with the minimum five years of the ~~ten~~fifteen-year affordability period, the recaptured amount is $50,000.

(2) ~~Forgiveness~~Reduction During Affordability Period. NMHC may reduce the grant amount and/or subsidy to be recaptured on a pro rata basis for the period the homebuyer(s) has/have owned and occupied the housing unit measured against the required affordability period; however, homebuyer(s) must occupy the housing unit at a minimum of five years or at least halfway into the affordability period, whichever is greater, in order to qualify for this recapture option. For example, if the CDBG-DR subsidy is $60,000 with 15-year affordability and the owner sells the property in the 8th year of ownership the recapture amount will equal $~~1~~28,000. ($60,000/15 years affordability period x ~~2~~ 7 years remaining = $28,000 recapture.)

(3) Buyer's recovery of initial investment. The homebuyer(s) investment (down payment and capital improvements made by the owner since purchase) may be repaid in full before any CDBG-DR funds are recaptured, provided that the homebuyer(s) occupied the housing unit at a minimum of ~~ten~~ fifteen (15) years before the sale of the property and the homebuyer's household income level is at or below 50% of the area median income in order to qualify for this recapture option.

(4) Shared appreciation. In the case where net proceeds exceed the amount necessary to repay both the homebuyer(s)' investment and the CDBG-DR assistance, the excess proceeds may be shared proportionately (i.e., percentage of investment provided) by both parties.

(b) When the recapture requirement is triggered due to a voluntary or involuntary sale during the period of affordability and there are no net proceeds or the net proceeds are insufficient

to repay the ~~HOME~~ CDBG-DR investment due, NMHC may recapture an amount less than or equal to the net proceeds available.

(c) Circumstances Under Which Recapture Will Apply. Recapture restrictions must be used in cases where grants were provided to the homebuyer(s) in order to subsidize the purchase of the property to cover the down payment or closing costs.

(d) Legal Instrument to Enforce Recapture. NMHC must use deed restrictions, land covenants, or other similar legal documents to enforce these recapture restrictions. These requirements will also be included in grant agreements.

Part 400 - Homebuyer Costs

§ 100-100.3-401 Eligible Costs

(a) Hard costs include:
(1) Acquisition of land and existing structures;
(2) Site preparation or improvement, including demolition;
(3) Securing buildings; and
(4) Construction materials and labor.

(b) Soft costs include:
(1) Credit reports;
(2) Title binders and insurance;
(3) Recordation fees;
(4) Legal & accounting fees;
(5) Appraisals;
(6) Architectural/engineering fees, including specifications and job progress inspections;
(7) Environmental investigations, which shall be addressed in the commitment letter as a condition before any Homebuyer activity is to be committed or funded;
(8) Homebuyer counseling provided to purchasers of CDBG-DR-assisted housing;
(9) Management fees; and
(10) Direct project costs incurred by the PJ.

~~Relocation costs include:~~
~~Replacement housing, moving costs, and out-of-pocket expenses;~~
~~Advisory services; and~~
~~Staff and overhead related to relocation assistance and services.~~

(c) Grant closing fees and related costs:
NMHC shall charge $~~3,914.00~~9,950.00 (more or less, depending on current costs) to the applicant for certain grant closing fees and other related costs such as but not limited to the following:

~~a. $14.00~~	~~----~~	~~Credit Report~~
~~b.~~a.$~~200~~100.00	----	Preliminary Title Report (PTR)
~~c.~~b.$600.00	----	Appraisal Report
~~d.~~c.$~~150~~250.00	----	Recordation of Covenant
~~e.~~d.$~~1,050~~2,000.00	----	First Annual Premium for Hazard Insurance
~~f.~~e. $500~~0~~.00	----	Initial Utility Connection*
~~g.~~f. $~~1,400~~2,000.00	----	Title Policy

$~~3,914~~9,950.00 Total

*Provided that circumstances, such as the lack of CUC infrastructure (power and water)on-site, additional costs may be incurred subject to CUC's assessment for Line Extension Chargeable to the Customer and Water Application-Installation-Approval & Cost Assessment.

Grant closing fees and associated hard and soft costs ~~may be bundled into~~is part of the total approved grant amount. ~~A borrower who is approved for a $120,000 grant may use a portion of the grant to pay for the grant closing costs and soft costs. In this case, the $3,914.00 incurred closing costs shall be subtracted from the total approved grant of $120,000 and the resulting net amount of $116,086.00 shall then be used for the construction, purchase and/or rehabilitation of their principal residence.~~

CUC utility connection: Homebuyer(s) are responsible for ensuring that there are no outstanding issues with CUC and resolving any such issues. Any costs not related to initially connecting to CUC utilities are not granted closing fees and related costs and none of the approved grant amount will be used to resolve such issues.

(d) If the homebuyer(s) opt to have a private inspector perform unit inspection, the first/initial unit inspection fee may be covered by NMHC, subject to any conditions set by NMHC. Any cost associated with any subsequent inspection shall be the responsibility of the homebuyer client(s).

(e) NMHC hired construction managers will inspect the home to determine if work is still needed in order to comply with the Green Building and other required construction standards~~;~~.

Part 500 - Notification to Applicants

§ 100-100.3-501 Notification of Eligibility or Ineligibility

(a) Eligible Applicants. NMHC shall send written notifications to all applicants determined eligible for financial assistance. Such notification shall be mailed no later than five (5) working days after the determination and shall contain a listing of additional information to be submitted for completion of the grant file. Eligible applicant(s) shall be given thirty calendar days to submit the additional information requested. Applicant(s) that do not

submit all pending information before the thirty (30) calendar day deadline, shall have their applications file placed in the inactive files. Extensions may be granted.

(b) Ineligible Homebuyers/Applicants. All ineligible applicants shall be notified in writing of their ineligibility. Such notification shall be mailed no later than five working days after the determination of ineligibility and shall include a description/reason for such determination. Please see § 100-100.3-605 for Appeals Process.

Part 600 - Grant Processing

§ 100-100.3-601 Selection

(a) Financial assistance shall be based on available CDBG-DR Program funds and such assistance shall be awarded to eligible applicants on a first come, first-serve basis. The application will have the date and time stamped when received; however, to be considered received, the application must be completely filled-out and the applicant has submitted all additional information requested by NMHC to perform an eligibility review.

(b) Potential homebuyers displaced by the storms and can show (completed application form along with all necessary documents) their incomes do not exceed 80% of AMI will be prioritized. No less than 80% of the funding will be reserved for those applicants at or below 80% AMI.

(c) In the event that there are more applicants than available funds, NMHC shall establish and maintain an applicant waiting list. Applicants placed on the waiting list shall be assisted in the event that funds available are not entirely used up or committed by the homebuyers/applicants initially awarded financial assistance. Those applicants unable to be assisted with remaining funds shall be given first priority if and when additional funds are available.

(d) Applicants who were initially determined to be ineligible for the loan program will receive reconsideration for the grant program before the program is re-opened to the general public.

§ 100-100.3-605 Administration; Approval; Appeals Process

(a) Program Administration.

(1) The CDBG-DR Housing Administrator~~, with the assistance of NMHC's MCD Manager~~ shall be responsible for the CDBG-DR Homebuyer program implementation and management of related tasks. The CDBG-DR Housing Administrator shall supervise division staff in grant origination, underwriting and closings under the CDBG-DR Homebuyer program. ~~However, the~~The ~~duplication~~ Duplication of ~~benefits~~ Benefits (DOB) analysis ~~must~~ will also be conducted by the CDBG-DR ~~Compliance Manager~~Housing Administrator to determine net financial assistance to be provided to the homebuyer applicant.

(2) The CDBG-DR Housing Administrator ~~and MCD Manager~~ shall review each submitted application, ensure all supporting documentation is in place and make any necessary recommendations to the Corporate Director prior to the Corporate Director making the final decision on the grant application.

(b) Grant Review and Approval

(1) Under the direction of the CDBG-DR Housing Administrator, a CDBG-DR Grant Supervisor and/or a Grant Specialist shall review and verify all applicants' income, assets, liabilities, title reports, and any other requested reports and documentation. Upon completion of the review process, the Grant Specialist shall prepare a grant write-up containing his/her recommendations.

(2) ~~In the interim, after t~~The CDBG-DR Housing Administrator ~~review, the MCD Manager~~ shall review the grant write-up for concurrence before submitting the same to the Corporate Director for a final decision. Final approval or denial of any CDBG-DR grant or grant shall be made by the Corporate Director except as follows:

(i) If the Corporate Director is off-island or on extended leave at the time the grant or grant is submitted to him/her for a final decision, then the Deputy Corporate Director may make the final decision to approve or deny the CDBG-DR grant; or

(ii) If the Corporate Director and Deputy Corporate Director are both simultaneously off-island or on extended leave at the time the grant or grant is submitted for a final decision, then the Acting Corporate Director may make the final decision to approve or deny the CDBG-DR grant.

(3) For purpose of these policies, off-island or extended leave shall be defined as an absence or leave that extends for more than three working days after the grant or grant is submitted to the Corporate Director for his or her final decision.

(4) A written notice of the final decision shall be provided to the applicant.

(5) Once the applicant has been approved, as soon as a property or site has been identified, the Grant Specialist is notified so that the tiered environmental review can be completed.

(c) Grant/Denial Appeals Process.

(1) Applicants denied assistance under the CDBG-DR Homebuyer program may appeal the final decision to the NMHC ~~Board of Directors~~Corporate Director by submitting their appeal in writing ~~to the Corporate Director~~ within ten (10) working days of the written notice of the final decision. The Corporate Director will then review the appeal and render a decision within thirty (30) days from the date of receipt of the appeal letter. Applicants denied may further appeal the Corporate Director's decision to the NMHC Board for reconsideration.

(2) Any appeal submitted must indicate the basis for the appeal and include any supporting documents. Upon receipt of an appeal, the Corporate Director shall submit the same to the Board of Directors for review and action at the next scheduled Board meeting.

§ 100-100.3-610 Homebuyer/New Construction Counseling Session

(a) All applicants for grant assistance must attend a Homebuyer/New Construction Education and Counseling Session that will be provided by NMHC. NMHC employees providing housing counseling will be HUD certified housing counselors, and NMHC will have applied directly to HUD and received approval, or NMHC will have applied to a HUD-approved intermediary and received approval by the entity to be its affiliate. NMHC shall notify the applicant(s) of the date, time, and location of the session. The education and counseling session shall be scheduled after the grant has been preliminarily approved and may be conducted before or on the day that NMHC issues the commitment letter to the applicant(s). The counseling session shall include a discussion of the terms and conditions of the grant, educate the new homeowner(s) of their financial responsibilities, the importance of budgeting, making timely payments, foreclosure prevention, as well as home maintenance and repair measures. Acceptable delivery method for housing counseling may be in-person, phone, or internet. Duration of the housing counseling is ~~eight~~ four (~~8~~4) hours. Upon completion of the housing counseling, the borrower(s) will receive a counseling certificate and this counseling certificate is valid for 2 years. Funding for housing counseling will come from project-related soft costs.

(b) NMHC shall inform applicant(s) at the time of their submission of their application of the required homebuyer/new construction counseling session and again in written form when NMHC notifies the applicant(s) of NMHC's preliminary approval of their grant request. Failure to attend the required Homebuyer/New Construction Education and Counseling Session may be grounds for denial or cancellation of assistance.

Part 700 - Terms and Conditions of Grant

§ 100-100.3-701 Maximum Homebuyer Programs Grant Amount

(a) The amount of CDBG-DR Homebuyer grant funds that may be used for a new construction, purchase, or for an acquisition and repair shall be based on the funding required, not to exceed the program cap.

(b) For NMHC-owned properties, NMHC may sell the property directly to the CDBG-DR Homebuyer-approved applicant(s) but only after the property has been publicly auctioned at least once and resulted in an unsuccessful bid.

§ 100-100.3-705 Minimum and Maximum CDBG-DR Homebuyer Program Grant Amount

(a) The minimum grant amount shall not be less than $1,000.00.

(b) The maximum grant amount shall not exceed the prevailing funding cap set by NMHC based on local prevailing costs for construction (New Construction housing projects) and appraised value determined by certified independent appraisal companies.
  (i) New construction project costs presented by contractors may exceed maximum grant and NMHC may approve such costs provided that are deemed justified and cost reasonable and supported by independent cost estimates.
  (ii) NMHC, through the assistance of a private A&E Firm, may update independent cost estimates periodically and as may be needed or required.

The maximum grant amount shall not exceed $250,000.00.
Provided that circumstances, where additional costs may be incurred, will be reviewed against cost reasonableness guidelines and to meet reasonable accommodations and accessibility requirements.

§ 100-100.3-710 Determination of Unit Size and Occupancy Standards

(a) **Fair Housing**. The Fair Housing Act ("Act") (42 U.S.C. §§ 3601-19) prohibits discrimination in the sale, rental, and financing of dwellings, and in other housing-related transactions, based on race, color, national origin, religion, sex (including gender identity and sexual orientation), familial status, and disability. Discrimination includes a failure to make a change, exception, or adjustment to a policy, practice, procedure, or service when such accommodation may be necessary for an individual with a disability to enjoy and use housing. In addition to the requirements under the Act, there may be additional requirements for recipients of federal assistance from HUD.
(b) **Housing Unit Suitability**. Homes acquired, purchased, or newly constructed with CDBG-DR funds under this program, at a minimum, shall be decent, safe, and sanitary.
(c) **Determination of Unit Size**. Limited funding notwithstanding, NMHC shall ensure that the following occupancy standards are observed.
  (1) **Occupancy Standards**. Occupancy standards are rules about the number of people that can live in a bedroom or at a property. These standards are usually based on the number of bedrooms at a property, but they can also take into account the total amount of livable square footage. Oftentimes, a combination of both makes the final call about how many people can live there. HUD occupancy standards are the rules set up by the Department of Housing and Development. These federal occupancy standards are part of the Fair Housing Act Amendment, and they are the overarching rules for occupancy.
  (2) **Unit Bedroom Size**. NMHC has set the following Occupancy Standards for family and unit size:
    (i) All bedrooms with one person should have at least 70 square feet.
    (ii) Shared bedrooms must have at least 50 square feet per person.
    (iii) Kitchens and other non-habitable rooms cannot be used as a bedroom.
    (iv) Every unit should have an overall occupant limitation based on its overall size:
      (i) 1-2 occupants: must have at least 120 square feet living room.
      (ii) 3-5 occupants: must have at least 120 square feet living room and 80 square feet dining room.

(iii) 6 or more occupants: must have at least 150 square feet living room and 100 square feet dining room.

No. of Family Members	No. of Bedrooms
1-2	2
3-4	2
5-6	3
7-8	4
9 and above	5

(v) Exceptions. In certain unique conditions and situations, NMHC, on a case-by-case basis, may grant exceptions when warranted and after thorough review of grant applications.

§ 100-100.3-735 After-Construction Property Value, After-Rehabilitation Property Value, or Property Value at Initial Purchase (if Acquisition Only).

§ 100-100.3-740 Security, Restrictive Covenant, Homeowner Requirements

(a) To ensure affordability for CDBG-DR funds invested, NMHC shall place a restrictive covenant on the property. The restrictive covenant shall be maintained for no less than the term of the affordability period.

(b) NMHC will execute a written agreement with the homebuyer that will specify the use of CDBG-DR funds, description of the project, roles and responsibilities, compliance with affordability period requirements, qualifications for affordable homeowner housing, monitoring, the purchase price, date by which housing must be acquired, address or legal description of the property, and duration of the agreement. Additionally, the purchase price, date by which housing must be acquired, address or legal description of the property must be indicated in the applicable written agreement.

(c) During the term of the grant, homebuyer shall also be required to maintain, at their expense, property insurance on the mortgaged property for fire, earthquake, typhoon, and flood damage (if applicable) covering the replacement value of all properties at a minimum equal to the grant amount. Financial hardships will be reviewed on a case-by-case basis.

(d) NMHC will require the homebuyer to execute and file for record a deed or deeds of restriction, land covenant or similar legal documents approved by HUD that will assure compliance with the principal residency and affordability period requirements and enforce CDBG-DR restrictions.

Part 800 – Fraud, Waste and Abuse

§ 100-100.3-801 Eligibility Certification

Homeowner certifies that he/she has provided complete, accurate, and current information regarding household income, residency, occupancy, and any other documentation required to demonstrate Homeowner's eligibility to receive CDBG Disaster Recovery funds.

Any activity carried out with CDBG-DR funds involving the construction, acquisition, or acquisition w/renovation is considered to benefit LMI or UN persons only to the extent such housing will, upon completion, be occupied by such persons.

The Homeowner hereby affirmatively certifies that their material representations which have been relied upon by NMHC as essential to its determination of the eligibility of the Homeowners to receive the grant funds have been truthfully, satisfactorily and adequately provided to NMHC.

The Homeowner agrees and attests to the fact that if any of the representations made are intentionally or willfully false or fraudulent, NMHC may immediately declare the Homeowner in default of this Grant Agreement, allowing for remedies as provided for under this grant agreement and the law.

§ 100-100.3-805 Default

Any one or more of the following events shall constitute an event of default under this grant agreement:

a. Failure to perform any covenant or promise under this Grant Agreement, or making any representation or warranty in this Grant Agreement, or in the application for the grant, or in any report, certificate, financial statement or other instrument furnished in connection with the property, which is false or misleading in any material respect.
b. Seizure or foreclosure of the property or assets of the Homeowner pursuant to process of law or be respect of legal self-help, unless said seizure or foreclosure is stayed or bonded within thirty (30) days after the occurrent of same; or
c. If any other event of default has occurred and remains uncured under any other agreement entered into between NMHC and the Homeowner.

§ 100-100.3-810 Remedies Upon Default

Upon the existence of any event of default, NMHC, after giving notice and reasonable opportunity to cure the default may, in its sole discretion, do any of the following, alone or in combination:

a. Terminate this Grant Agreement;
b. Withhold grant funds not yet paid at the time of default during such time as an event or events of default remain uncured;
c. File an action at law against the Homeowner to obtain a judgment against the Homeowner to recover the full amount of all grant funds paid; or
d. Pursue any other remedies against the Homeowner including any civil and criminal remedies allowed by law.

NMHC'S rights under Default shall survive termination of the Grant Agreement. Failure to insist on the prompt performance by Homeowner of Homeowner obligations pursuant to this Grant Agreement is not a waiver by the NMHC of any of its rights hereunder.

Part 900 - Miscellaneous Circumstances Affecting Grant Agreement

§ 100-100.3-901 Assumption of a Grant

(1) Death of a homebuyer/borrower: Upon the death of the borrower which occurs within the affordability period, the entire unpaid balance of the grant shall be immediately due and payable. Title transfer without sale triggers the CDBG-DR recapture agreement enforceable through the restrictive deed or land covenant. The Corporate Director may allow assumption of the grant by the heirs of the borrower if a final decree in the probate of the borrower identifies the heirs and approves distribution to them of the improved property and the grant, and if the heirs themselves would qualify as a new applicant for the grant.

(2) At the sole discretion of the NMHC Board, the grant may be assumed by a legal heir of a deceased borrower(s) of the CDBG-DR-assisted unit. This assumption exception is permitted where transfer of title is through the laws of descent provided that the heir is of legal age, meets all CDBG-DR Program eligibility requirements and has a full, undivided interest in the real property. The heir will be required to fill out an application and will be subject to credit, income, and asset verification.

(3) Default for Violation of Grant Agreement and/or Restrictive Covenant. In situations where a default is imminent, the Corporate Director may allow a borrower to have a CDBG-DR eligible immediate relative (i.e., mother, father, brother, sister, son, daughter) assume the grant, all for the purpose of preserving the affordability period.

(a) Default. NMHC may use its right of first refusal, as set forth in the grant documents, written agreement with homebuyer, and restrictive deed or land covenant, to reclaim the housing to preserve affordability. Default triggers the CDBG-DR recapture agreement enforceable through the restrictive deed or land covenant.

(b) Recapture in the Event of Default. If the CDBG-DR assisted property is subject to recapture terms, NMHC has three options:

(i) Recapture Option 1: NMHC will recapture and pay to the CNMI ~~CDBGCR~~ CDBG-DR account the net proceeds from the foreclosure sale of the property in accordance with the recapture terms; or

(ii) Recapture Option 2: NMHC may purchase the CDBG-DR assisted property at foreclosure sale and additional CDBG-DR funds may be spent. However, the total amount of the original and additional CDBG-DR funds spent may not exceed the maximum per unit subsidy amount.

(iii) Recapture Option 3: NMHC will allow the homeowner in default to repay the entire amount of the CDBG-DR investment and own the property free and clear. In this event, the affordability period will be

terminated.~~,~~

Part 1000 – Ethics

§ 100-100.3-1001 Conflict of Interest

(a) Under no circumstances shall any immediate family members (whether by blood, marriage or adoption) the spouse, parent (including a stepparent), child (including a stepchild); brother, sister (including a stepbrother or stepsister), grandparent, grandchild, and in-laws of a covered person, elected or appointed officials of the CNMI government, NMHC's Board of Directors, its officers, agents, and employees may participate in any CDBG-DR assisted projects or units including the procurement of materials, or have an interest in any contracted services, or be a beneficiary in any proceeds. Other provisions in 24 C.F.R. § 92.356 shall apply. Conflict of interest applies to covered persons who exercise or have exercised any functions or responsibilities with respect to activities assisted with CDBG-DR funds or who are in a position to participate in a decision-making process or gain inside information with regard to these activities. Covered persons may not obtain a financial interest or financial benefit from a CDBG-DR activity, or have a financial interest in any contract, subcontract, or agreement with respect to the CDBG-DR assisted activity, or the proceeds from such activity, either for themselves or those with whom they have business or immediate family ties, during their tenure or for one year thereafter.

(b) Exceptions: Threshold requirements. Upon the written request of the participating jurisdiction, HUD may grant an exception to the provisions above on a case-by-case basis when it determines that the exception will serve to further the purposes of the CDBG-DR Program and the effective and efficient administration of the participating jurisdiction's program or project. An exception may be considered only after the participating jurisdiction has provided the following:
  (1) A disclosure of the nature of the conflict, accompanied by an assurance that there has been public disclosure of the conflict and a description of how the public disclosure was made; and
  (2) An opinion of the participating jurisdiction's or state recipient's attorney that the interest for which the exception is sought would not violate state or local law.

(c) Factors to be considered for exceptions. In determining whether to grant a requested exception after the participating jurisdiction has satisfactorily met the requirements mentioned above, HUD will consider the cumulative effects of the following factors, where applicable:
  (1) Whether the exception would provide a significant cost benefit or an essential degree of expertise to the program or project which would otherwise not be available;
  (2) Whether the person affected is a member of a group or class of low-income persons intended to be the beneficiaries of the assisted activity, and the exception will permit such person to receive generally the same interests or benefits as are being made available or provided to the group or class;

(3) Whether the affected person has withdrawn from his or her functions or responsibilities, or the decision-making process with respect to the specific assisted activity in question;
(4) Whether the interest or benefit was present before the affected person was in a position as described in paragraph (c) of this section;
(5) Whether undue hardship will result either to the participating jurisdiction or the person affected when weighed against the public interest served by avoiding the prohibited conflict; and
(6) Any other relevant considerations.

Part 1100 - Performing New Construction Work

§ 100-100.3-1101 Performing New Construction Work

(a) NMHC Independent Cost Estimate: NMHC or its procured construction manager will establish an estimated cost for construction and/or rehabilitation of the property to be acquired. This cost estimate will be used to validate that the winning bid is acceptable as being "eligible, necessary, and reasonable."

(b) Contractor Cost Estimates: The homebuyer(s)/applicant(s) shall be responsible in obtaining a minimum of three (3) written construction cost estimates from at least three (3) NMHC approved contractors, and each cost estimate submitted must include, at a minimum, the following information: bid price, cost breakdown of materials and labor charges, and schedule for completion of work.

(c) Selection of Contractor/Contract Award: The homebuyer(s) shall have the right to select whichever contractor to perform the construction work, provided that NMHC has assessed the sources and uses of funds and determined that the costs are reasonable, provided that the contractor's quotation and the appraiser's after-construction estimated value does not exceed the approved grant amount and provided that the contractor is an NMHC-approved contractor. Should it exceed the grant amount, the homeowner shall choose to either deposit the difference or negotiate with contractor in reducing the contract amount. Should the borrower not be able to deposit the difference or the contractor unwilling to lower the contract amount, then the borrower shall select his/her/their next choice. The homebuyer(s) shall submit a contractor selection notice notifying NMHC of his/her/their selection. NMHC may, at its own discretion, select the appropriate contractor for the applicant if the homebuyer project is deeply subsidized using additional CDBG-DR funds. Deeply subsidized means additional funding assistance on top of the underwritten funding assistance.

(d) Construction Contract: The construction contract is a binding agreement strictly between the homebuyer(s) and the contractor whereby the contractor will provide the construction or repair work for a specified and agreed upon price. As NMHC's role is to finance the construction of the project, it is not a party to the construction contract. However, at any time the contractual provisions are not followed, NMHC shall have the right to withhold any progress payment until the contractor has complied with such provisions. The

construction contract shall include, but is not limited to, the following provisions:

(1) Contractor's name and mailing address;

(2) Homeowner(s) name and mailing address;

(3) Date of the contract, the contract amount, and payment schedule for each incremental billing;

(4) Calendar days to complete the work (includes Saturdays, Sundays, and holidays);

(5) Contractor will provide the performance bond, and labor and material payment bond up to the contract amount, as well as a builder's risk policy for the project;

(6) The contractor will provide all the construction plans and permits necessary to comply with applicable local and federal laws;

(7) Issuance of the notice to proceed or the commencement of the project;

(8) Contractor will provide a one-year warranty on all work completed;

(9) NMHC's right to inspect the progress of the project and right to withhold progress payments;

(10) Change order procedures, if any; and

(11) A provision for liquidated damages must be included in the construction contract which shall be negotiated between the homebuyer(s) and the contractor.

(12) Description of the work to be performed so that inspections can be conducted and, for rehabilitation, so that housing will meet NMHC's rehabilitation standards.

(e) Contractor Notification and Pre-Construction Requirements: Once NMHC is in receipt of the borrower(s)/homebuyer(s) contractor selection notice, NMHC shall notify the contractor of the homebuyer(s) selection of their company. NMHC shall inform the contractor of the scheduled pre-construction conference and shall likewise inform the contractor of the required construction documents for submission as listed below:

(1) Building permit (if applicable)
(2) Earthmoving and erosion control permit (if applicable)
(3) Construction contract
(4) Performance and payment bonds
(5) Plans and specification approved by DPW
(6) Private inspector's contract (if applicable)

(7) Notice that an environmental review and clearance has been conducted, and Authorization to Use Grant Funds has been received.

(8) Verification that any mitigation measures identified in the course of the environmental review have been incorporated into the plans and specification approved by DPW.

(e) Project Duration: Construction must start within 12 months of NMHC's execution of the CDBG-DR written agreement with the homebuyer(s).

(1) Progress payment requests shall be submitted to NMHC by the contractor incrementally as specified in the payment schedule. NMHC shall ensure that all work description indicated on the payment schedule is completed prior to releasing contractor's payment. An original and a copy of the requests must be submitted to NMHC. The contractor shall freely use his/her/their company's billing form when submitting a payment request. The payment request shall be accompanied with the following whenever applicable: inspection reports (DPW and/or private inspector), geotesting results, termite treatment certification and/or warranty, builder's warranty, and borrower/homebuyer's acceptance of the project. In addition, each billing submitted must include pictures of the progress of the project and a copy of the payment schedule.

(2) Payment schedule shall be as follows:

(i) Payment request number 1 shall not be more than 10% of the contract amount. This shall include the installation of the project sign board accompanied with a picture, the delivery of materials to the construction site, and commencement of the project.

(ii) Payment request number 2 shall not be more than 25% of the contract amount.

(iii) Payment request number 3 shall not be more than 25% of the contract amount.

(iv) Payment request number 4 shall not be more than 25% of the contract amount.

(v) Payment request number 5 shall be the 15% retainage request when all work is completed. The final payment request shall be accompanied with the certificate of occupancy from the Commonwealth Building Safety Office, builder's warranty, window warranty if subcontracted, termite treatment warranty, final inspection report from the DPW and if applicable, the private inspector's, certificate of acceptance from the homeowners, geotesting results if applicable, proof of Green Standards implementation, pictures of project interior and exterior, and DEQ certificate of use (sewage disposal system), if applicable and house keys with duplicates.

(3) Change Order Procedures. From time to time, the homebuyer(s) may request for changes in the plans and specifications. In the event that this should occur, the following steps must be taken to address such request:

(i) The borrower/homebuyer must notify contractor in written form of the proposed changes and provide NMHC a copy of the notification.

(ii) Upon receipt of the notification, the contractor must cease work at the project site and obtain NMHC's approval of the change order request. Upon approval the contractor shall then provide NMHC a revised plan and specifications, including a revised payment schedule (if scheduled payments will be altered by the proposed changes). The contractor must obtain NMHC's approval of the change order request.

(iii) Once the change order request is approved, the homeowner will be required to deposit the additional money needed to NMHC (if applicable) to carry out the change order. The contractor will be required to submit the revised plans and specifications to DPW for approval.

(iv) Should the change order request be denied, then the contractor shall resume work to ensure timely completion of the project. The contractor may not be able to complete the project on time because of the delays the change order request may have caused. Therefore, the homebuyer(s) shall give the contractor additional days equal to the time the work was ceased up until the time the change order request was denied to complete the project. The homebuyer shall not charge the contractor for liquidated damages during this period.

(4) Once the contractor has obtained the DPW's approval of the plans and specifications, then it shall provide NMHC with the same copy. The contractor shall proceed in carrying out the change order and completing the project.

(f) Inspections: NMHC shall have the right, during the construction or improvement of the building, to inspect the same and to reject and to require to be replaced, any material or workmanship that does not comply with the plans and specifications, without any liability on the part of NMHC, as to workmanship or materials therein. Such inspection is solely for financing purposes and for the disbursement of funds, and any inspection or approval of any construction phase or increments of said dwelling shall not be deemed as a warranty by NMHC of the workmanship and material therein.

(g) Inspector: Upon completion, the building is subject to inspection by the Building Safety Office of the Department of Public Works (DPW) prior to the issuance of an occupancy permit or other permits as provided in the Building Safety Code codified in 3 CMC § 7101 et seq. Applicant(s) may have a private inspector, (i.e., a qualified licensed engineer or a qualified licensed architect), conduct inspection with the costs with such inspection to be handled in accordance with § 100-100.2-240.

(h) Minimum Property Standards (MPS): For new construction of housing and acquisition rehabilitation of housing, the 2018 International Building Code enacted by law and any updates approved by regulation by the Department of Public Works Building Safety Office and zoning laws (if applicable for Tinian and Rota), International Energy Conservation Code, NMHC written design standards for single family housing new/rehabilitation, and accessibility requirements (where applicable) must be adhered to.

(1) Further adherence to CDBG-DR acquisition and repair standards, which details the methods, materials, and other requirements that the housing must meet upon completion, including each of the following:

(i) Health and Safety [24 CFR 92.251(b)(1)(i)]
(ii) Major systems that were rehabilitated or replaced as part of the rehabilitation [24 CFR 92.251(b)(1)(ii)]
(iii) Lead-based paint [24 CFR 92.251(b)(1)(iii)]
(iv) Disaster mitigation, if applicable [24 CFR 92.251(b)(1)(vi)]
(v) State and local codes, ordinances and zoning requirements [24 CFR 92.251(b)(1)(vii)]
(vi) Minimum deficiencies that must be corrected based on inspectable items and areas in HUD's Uniform Physical Condition Standards [24 CFR 92.251(b)(1)(viii)]
(vii) HUD Green Building Standards or Green Building Retrofit Checklist, as required by Federal Register Notice.

(i) Homebuyer(s), through their contractors, must ensure that they are familiar with these requirements. PJs using MPS may rely on inspections performed by a qualified person. If using CDBG-DR funds solely for acquisition, the property must also meet the minimum property standards mentioned above or HUD's Uniform Physical Condition Standards (UPCS). The contractor will provide all the construction plans and permits necessary to comply with applicable local and federal laws.

(j) Project Completion:

(1) Project shall be completed prior to the termination of the CDBG-DR Grant Agreement with HUD.

(2) Project completion information shall be entered in the Disaster Recovery Grant Reporting (DRGR) System within 120 days of the final project draw.

(k) Record Retention:

(1) NMHC shall retain CDBG-DR homebuyer project records for five (5) years after project completion. [24 CFR 92.508(c)(2)]

(2) NMHC shall retain documents imposing recapture provisions for five (5) years after the period of affordability terminates. [24 CFR 92.508(c)(2)]

(3) NMHC shall retain CDBG-DR homebuyer project written agreement records for five (5) years after the agreement terminates. [24 CFR 92.508(c)(4)]

Part 1200 - Homebuyer Underwriting

§ 100-100.3-1201 Guidelines and Referenced Sections

In order to determine the specific amount of CDBG-DR assistance needed to ensure that the unit is affordable and sustainable over the long-term, NMHC's CDBG-DR Homebuyer Program design reflects and incorporates underwriting standards that the HOME regulations at § 92.254(f) has set forth; and further examines the following for each homebuyer:

(a) Program Eligibility and income;
(b) Monthly expenses;
(c) Assets or cash reserve, as applicable; and
(d) Appropriateness of the amount of assistance

In addition to the underwriting provisions of these regulations, the following applies to Homebuyer activities:

(a) Determining income eligibility.

(1) The NMHC CDBG-DR Homebuyer Program methodology for determining income-eligibility, income as a component of underwriting, income verification and required source documentations, treatment and the calculation of assets are derived from the HUD *Part 5 Technical Guidelines* as herein stated

(i) To receive CDBG-DR assistance, households must have incomes at or below 80 percent of the area median household income, adjusted for household size, and determined annually by HUD. Households with incomes at or below 120 percent of the area median household income, adjusted for household size, are also eligible for assistance.

(ii) CDBG-DR Homebuyer Program regulations require that income of all family members be included in the determination of income for the purpose of eligibility. The HOME regulations at 24 CFR 92.203 (d) require that a PJ must project a household's income for the next 12 months. Chapter Two of the Part 5 Technical Guide reviews this in detail. The NMHC CDBG-DR Homebuyer Program shall also use the same methodology of projecting income for the purpose of underwriting.

(iii) The Part 5 definition of annual income provides specific guidance pertaining to whose income in a household must be included in that calculation. Chapter Three reviews this in detail.

(iv) Gross amount. NMHC uses the monthly gross amounts, before any deductions have been taken, for those types of income counted. Adjusted income is not required for CDBG-DR-funded homebuyer or for owner-occupied rehabilitation as per the Part 5 Technical Guide.

(v) The CDBG-DR Homebuyer program requires that the grantee determine income eligibility of CDBG-DR applicants by examining source documents, such as wage statements or interest statements, as evidence of annual income. NMHC requires additional supporting information to confirm eligibility and for purposes of underwriting. This is specified in §100-100.3-105, Supplemental Information. Review of documents and third-party verification is further reviewed in detail in Chapter Two of the Part 5 Technical Guide.

(vi) What to include as an Asset. There is no asset limitation for participation in the CDBG-DR Homebuyer Program. Eligible families are not required to "spend down" assets before they can participate in the Program. Income from assets is, however, recognized as part of annual income under the Part 5 definition.

(vii) In general terms, an asset is a cash or non-cash item that can be converted to cash. Income that is earned, such as interest on a savings or checking account, is counted or factored into annual income. Chapter Three of the Part 5 Technical Guide explains in detail the treatment of assets and considers what is to be included as an asset, as well as explaining actual income from assets.

(vii) Recurring monthly expenses, or those that are considered fixed monthly living expenses such as utilities and transportation costs are the type of expenses should be considered in the underwriting process and must be carefully budgeted and monitored by the homebuyer. The housing counseling shall address these types of essential expenses so that it does not decrease residual income and affect the homebuyer's ability to sustain the property.

(b) The affordability restrictions that will be imposed on the property, a grant will only be extended to applicant(s) who will make their assisted unit their primary residence (see § 100-100.3-201(d)).

§ 100-100.3-1205 Subsidy Layering

(a) NMHC may provide eligible homebuyers with additional locally funded assistance to cover additional housing cost that is deemed to have exceeded the maximum CDBG-DR assistance limit.

(b) Homebuyer(s) that are approved for any additional, or supplemental assistance whether it be a CDBG-DR grant or with NMHC's local funds, shall be required to choose from NMHC's house design and layouts. Such house layout and unit size is dependent on the household size, the original approved CDBG-DR assistance, as well as the total estimated costs to construct a new principal residence.

§ 100-100.3-1210 Acronyms Reference Section

[For Homebuyer Policies and Procedures]

(a) AIA—American Institute of Architects

(b) AMI—Area Median Income

(c) CD—Corporate Director

(d) CFR—Code of Federal Regulations

(e) CNMI—Commonwealth of the Northern Mariana Islands

(f) CPSC—Consumer Product Safety Commission

(g) DCD—Deputy Corporate Director

(h) DEQ—Department of Environmental Quality

(i) DPW—Department of Public Works

~~(j) DTI—Debt-to-Income Ratio~~

~~(k)~~(j) EA—Environmental Assessment

~~(l)~~(k) GFE—Good Faith Estimate

~~(m)~~(l) HOME Program—U.S. HUD Homeownership Investment Partnerships Program

~~(n)~~(m) HQS—Housing Quality Standards

~~(o) MCD—Mortgage Credit Division~~

~~(p) MPS—Minimum Property Standards~~

~~(q) MPV—Maximum Property Value~~

~~(r)~~(n) NAHA—National Affordable Housing Act

~~(s)~~(o) NEPA—National Environmental Policy Act

~~(t)~~(p) NMHC—Northern Marianas Housing Corporation

~~(u)~~(q) NTP—Notice to Proceed

~~(v)~~(r) PITI—Principal, Interest, Taxes, and Insurance

~~(w)~~(s) PJ—Participating Jurisdiction

~~(x)~~(t) PTI—Payment-to-Income Ratio

~~(y)~~(u) PTR—Preliminary Title Report

~~(z)~~(v) RER—Rehab Environmental Review

~~(aa)~~(w) RESPA—Real Estate Settlement Procedures Act

~~(bb)~~(x) SCRA—Service members Civil Relief Act

~~(cc)~~(y) SSI—Supplemental Security Income [Social Security]

~~(dd)~~(z) TCD—Time Certificates of Deposits

~~(ee)~~(aa) TILA—Truth in Lending Act

~~(ff)~~(bb) U.S. HUD—United States Department of Housing and Urban Development

~~(gg)~~(cc) USDA RD—United States Department of Agriculture Rural Development

~~(hh)~~(dd) USPAP—Uniform Standard of Professional Appraisal Practice

~~(ii)~~(ee) VOE—Verification of Employment

APPENDIX A.1: Crosscutting Requirements

1.1 Crosscutting Requirements

1.2 Fair Housing

The Fair Housing Act requires all grantees, subrecipients, and/or developers funded in whole or in part with HUD financial assistance to certify that no person was excluded from participation in, denied the benefit of, or subjected to discrimination in any housing program or activity because of their age, race, color, creed, religion, familial status, national origin, sexual orientation, military status, sex, disability or marital status. The Program complies with and enforces the Civil Rights requirements of Title I of the Housing and Community Development Act (HCDA) and the Fair Housing Law.

Projects must also assess how planning decisions may affect members of protected classes, racially and ethnically concentrated areas, as well as concentrated areas of poverty; will promote the availability of affordable housing in low-poverty, non-minority areas where appropriate; and will respond to natural hazard-related impacts. Program staff will use demographic, geographic, and social vulnerability analyses to determine any positive or negative impacts to protected classes. Should a project present negative impacts, project scope or design will be reassessed to mitigate such impacts.

1.3 Environmental Review

Early environmental coordination must be completed to ensure effective implementation of all _CDBG-DR Programs. CDBG-DR funding is contingent upon compliance with both local and federal environmental regulations. This includes compliance with NEPA and related environmental and historic preservation legislation and executive orders. In general, NMHC serves as the lead agency for the purposes of NEPA.

HUD's Environmental Review process allows grantees to serve as the "Responsible Entity" to assume environmental review responsibilities under NEPA. As the grantee, NMHC serves as the Responsible Entity (through authorization from the Governor) as it relates to environmental review responsibilities under NEPA. Within NMHC, Environmental Review Staff will be responsible for performing environmental reviews and compiling the Environmental Review Records (ERR). Reviews are conducted either directly or using qualified environmental service contractors. NMHC's Corporate Director, as the Certifying Officer, is responsible with certifying that NMHC's environmental reviews follow NEPA and HUD environmental regulations.

Federal Register Notice FR-6182-N-01 authorizes recipients of CDBG-DR funds under the _Appropriations Act to adopt any environmental review, approval, or permit performed by a Federal agency for the same project to satisfy responsibilities with respect to environmental review, approval, or permit. NMHC will notify HUD in writing of its decision to adopt another _agency's environmental review. NMHC will also retain a copy of the review in its environmental records. Further information concerning the environmental review process is set forth in the

Environmental Policies and Procedures. Further information concerning the specific HUD requirements for the adoption of other Federal agency environmental reviews can be found in the HUD Memorandum dated March 4, 2013, *Adoption of FEMA and Other Federal Environmental Reviews Processing for Hurricane Sandy Supplemental Appropriation (H.R. 152) Activities.* Additional information on the environmental review process in general is set forth in Section § 100-100.4-335, Environmental Review Procedures for Entities Assuming HUD Environmental Responsibilities (24 C.F.R. Part 58).

1.4 Labor Standards

The Davis-Bacon and Related Acts (DBRA) applies to all federally funded or assisted construction contracts in excess of $2,000. This may apply to projects that are fully or partially funded with CDBG-DR, including FEMA or FHWA match programs. In matched projects, only the scope of the CDBG-DR portion of the project are subject to crosscutting requirements DBRA requires all workers employed by contractors or subcontractors on CDBG-DR programs, be paid wages at rates not less than those prevailing on similar construction in the locality as determined by the Secretary of Labor in accordance with DBRA, as amended. DBRA also requires that workers on federally-assisted projects are paid not less than weekly.

Wage information for labor under CDBG-DR programs will be tracked in detail by both NMHC and relevant Implementing Partners and subrecipients throughout the life of the Program. Compliance for this requirement may be tracked in the following ways:

(1) Additional NMHC Program staff hired to track wages and verify contractor and agency compliance
(2) External contractor hired by NMHC to track DBRA compliance
(3) Enhanced TA provided to Implementing Partners to track DBRA compliance

Davis Bacon applies to the rehabilitation of residential property only if the property contains eight (8) or more units under common ownership, on same or contiguous lots, or with common financing, Residential property that contains seven (7) or fewer units is exempt. Although the statute refers to the rehabilitation of residential property, this exemption has been interpreted to include the new construction of residential property containing seven (7) or fewer units. Typically, single-family homeowner properties are excluded under this exemption.

For prime contracts in excess of $100,000, contractors and subcontractors must also, under the provisions of the Contract Work Hours and Safety Standards Act, as amended, pay laborers and mechanics, including guards and watchmen, at least one and one-half times their regular pay for all hours worked over 40 in a work week. Additionally, NMHC must follow the reporting requirements per HUD and U.S. Department of Labor (DOL) regulations. This requirement also extends to NMHC subrecipients, Implementing Partners, and contractors.

The Fair Labor Standards Act of 1938 (FLSA), as amended, establishes the basic minimum wage levels for all work and requires the payment of overtime at the rate of at least one and one-half times the basic hourly rate of pay for hours worked in excess of 40 per week. These labor standards are applicable to the entire construction contract whether or not CDBG-DR funds finance only a portion of the project.

1.5 Limited English Proficiency

Federal Executive Order 13166 requires NMHC and all satellite offices, programs, subrecipients, contractors, subcontractors, and/or developers funded whole or in part with CDBG-DR financial assistance to ensure fair and meaningful access to programs and services for families and individuals with Limited English Proficiency (LEP) and/or deaf/hard of hearing. Compliance with this requirement is detailed in NMHC's Language Action Plan (LAP) and will be coordinated and tracked by the Monitoring and Compliance division at VIHFA. Depending on the program, NMHC, Implementing Partners, sub-recipients, and subcontractors will share the following expectations to comply with this Executive Order:

(1) Document Translation: All documents defined as "vital documents" will be translated into Chamorro or Carolinian by NMHC, Implementing Partners, and sub-recipients. A "vital document" is defined as a document that includes information regarding eligibility requirements, applications and instructions, program eligibility determinations, and appeals procedures. NMHC may aid to ensure this requirement is met.

(2) Where required, seek feedback from the community the project serves (advocacy groups serve vital role).

Language maps provided in the Language Action Plan will be used to determine the project's location and subsequent language context and if proactive LEP outreach will be required. These maps will be included as part of the Project Assessment Form used by NMHC to review the eligibility, priority level, and impacts of a potential project.

1.6 Minority and/or Women-Owned Business Enterprises

The Federal Executive Order 12432 guidelines require selected federal agencies to promote and increase the utilization of Minority-Owned and Women-Owned Business Enterprises (M/WBEs). Following procurement guidelines under 2 CFR 200.321, NMHC must make efforts to ensure that all subrecipients, contractors, subcontractors, and/or developers funded in whole or in part with HUD CDBG-DR financial assistance encourage participation in contracts and other economic opportunities by small and minority firms, women-owned business enterprises (WBEs), and labor surplus area firms whenever possible. NMHC will accept a MWBE certification from another state, local or regional, DPW, SBA HUB Zone, SBA 8-A certification (economically disadvantaged and 51% locally-owned), and other eligible certification processes. Documentation and goals regarding M/WBE percentages and reporting will be determined in the contracting agreements.

1.7 Section 3 Economic Opportunities

Section 3 is triggered when the award of CDBG-DR funds for new construction and rehabilitation projects if the construction contract is $200,000 or more.

Section 3 of the Housing and Urban Development Act of 1968 is to "ensure that employment and other economic opportunities generated by certain U.S. Department of Housing and Urban Development (HUD) financial assistance for housing and community development programs shall, to the greatest extent feasible, be directed to low and very low income individuals, especially recipients of government assistance for housing and to businesses which provide economic opportunities to low and very low income individuals."

The Section 3 program requires that recipients of HUD CDBG-DR funds, to the greatest extent feasible, provide (a) employment and training, and (b) contracting opportunities for low- or very-low-income residents in connection with construction projects in their neighborhoods.

It requires any "Section 3" project (construction contract of $200,000 or more) to report in three categories of labor hours:

- Total project labor hours
- Section 3 labor hours (any position where wages are at or below the threshold for a 1-person household at 80% AMI).
- Section 3 targeted worker (Section 3 worker living in proximity to the project site)

It also specifically encourages economic opportunities for households who are recipients of government assistance for housing. NMHC and all administering entities will follow and require relevant contractors to follow Section 3 requirements in contracting.

Section 3 applies to the CNMI, as recipient of HUD funding, as well as to subrecipients or Implementing Partners/Sub-recipients receiving HUD funding exceeding $200,000. Whenever any portion of HUD funding is invested into projects involving housing construction, demolition or rehabilitation, commercial/private improvements for economic development, or other public construction (e.g., roads, sewers, community centers, and public facilities), the requirements of Section 3 apply.

In conjunction with construction activity, Section 3 applies to projects that are fully or partially funded with CDBG-DR assistance, including projects that are financed in conjunction with territory, local, or private matching or leveraged funds, provided that the Section 3 monetary threshold requirements are met. In particular:

- In conjunction with construction activities, Section 3 applies to contractors or subcontractors that receive contracts more than $200,000 for Section 3-covered projects/activities. Once it is determined that Section 3 applies to a project, the requirements apply to all contracts for construction work arising in connection with that project exceeding $200,000, including those not funded with CDBG-DR assistance. Contractors or subcontractors are required to comply with the Section 3 regulations in the same manner as the Commonwealth; and
- "Section 3-covered contract" includes professional service contracts, provided that the work to be performed is generated by the expenditure of funds in furtherance of Section 3 covered work (e.g., housing construction, housing rehabilitation, and other public construction), arising relating to construction projects. Professional service contracts that may constitute Section 3-covered contracts include construction contract oversight,

engineering, architectural, environmental and property evaluation, construction progress and draw inspections, and prevailing wage labor compliance.

The regulations pertain to total labor hours required to complete Section 3-covered projects and activities. If the expenditure of funding for an otherwise covered project and activity does not result in new employment, contracting, or training opportunities, Section 3 reporting will still be required.

When NMHC awards CDBG-DR funds to other governmental departments, nonprofit organizations, subrecipients or other funded entities, NMHC will require they document how reasonable attempts were made to reach numerical goals set forth at 24 CFR Part 75. (25% total hours for Section 3 workers, 5% total labor hours for targeted Section 3 workers). NMHC will inform its Implementing Partners and other funded entities of the requirements of Section 3, including the language required to be inserted into all construction-related contracts, assist them and their contractors with achieving compliance, and monitor their performance with respect to the Section 3 objectives and requirements.

Implementing Partners/Sub-recipients will receive training on this requirement and methods of compliance, technical assistance from Program staff, and continual monitoring from NMHC. Currently, a Section 3 Plan is under development, the details of which will be included in an update to this manual.

1.8 System for Award Management (SAMs)

SAM is the federal System for Award Management and is a requirement for doing business with the U.S. government. All vendors are required to register in SAM in order to be awarded contracts under the CDBG-DR program. Vendors are required to complete a one-time registration to provide basic information relevant to procurement and financial transactions. Vendors must update or renew their registration annually to maintain an active status.

1.9 Uniform Relocation and Real Property Acquisition Act (49 CFR 24)

The Uniform Relocation Assistance and Real Property Acquisition Act (URA) is a federal law that establishes minimum standards for federally funded programs and projects that require the acquisition of real property (real estate) or displace persons from their homes, businesses, or farms. The URA's protections and assistance apply to the acquisition, rehabilitation, or demolition of real property for federal or federally funded projects. The phrase "program or project" is defined in 49 CFR Part 24 as, "any activity or series of activities undertaken by a federal agency or with federal financial assistance received or anticipated in any phase of an undertaking in accordance with the federal funding agency guidelines."

The objectives of the URA are:

- To provide uniform, fair and equitable treatment of persons whose real property is acquired or who are displaced in connection with federally funded projects;
- To ensure relocation assistance is provided to displaced persons to lessen the emotional and financial impact of displacement;

- To ensure that no individual or family is displaced unless decent, safe, and sanitary (DSS) housing is available within the displaced person's financial means;
- To help improve the housing conditions of displaced persons living in substandard housing; and,
- To encourage and expedite acquisition by agreement and without coercion.

49 CFR 24.101(c)(1) provides that the subpart B requirements also apply to the acquisition of permanent and/or temporary easements necessary for the project. However, 49 CFR 24.101(c)(2) provides an exception for the acquisition of temporary easements which exclusively benefit the property owner.

Demonstrable Hardship - A demonstrable hardship is a substantial change in an applicant's financial situation that will prohibit or severely affect their ability to provide a minimal standard of living or the basic necessities of life including food, housing, clothing and transportation without causing economic distress well beyond mere inconvenience as shown by objective evidence. A demonstrable hardship must be occurring after the named storms. The demonstrable hardship must be of a severe, involuntary and unexpected nature. It must not be one that is generally shared by other applicants affected by the named storms. Examples of demonstrable hardships may include job loss, failure of a business, divorce, severe medical illness, injury, death of a family member or spouse, unexpected and extraordinary medical bills, disability, substantial income reduction, unusual and excessive amount of debt due to a natural disaster, etc. None of the listed examples above, individually or taken together, automatically establish a demonstrable hardship nor is the listing above exhaustive as there may be other factors relevant to the issue of demonstrable hardship in a particular case. If an applicant believes that they are in the state of demonstrable hardship and that the demonstrable hardship causes them to not comply with any of the program policies, they may present their existence of a demonstrable hardship to their case worker (housing or grant specialist) and the Program will evaluate on a case-by-case basis after review of all of the circumstances. Applicants claiming a Demonstrable Hardship shall be required to provide evidence of such claimed Demonstrable Hardship to the case worker.

Not Suitable for Rehabilitation – properties where the cost of rehabilitation exceeds the after rehab appraisal and there is not a compelling historical or community justification to save the property.

APPENDIX A.2: HOMEBUYER APPLICATION CHECKLIST

NORTHERN MARIANAS HOUSING CORPORATION
Community Development Block Grant – Disaster Recovery (CDBG-DR) Division
P.O. BOX 500514, Saipan, MP 96950-0514
Email: cnmi-cdbg-dr@nmhcgov.net
Website: http://www.cnmi-cdbgdr.com

Tels: (670) 233-9447
233-9448
233-9449
233-9450
Fax: (670) 233-9452

CDBG-DR PROGRAM GRANT APPLICATION CHECKLIST

Applicant(s):_____ **Date:**_____ **Submission Date:**_____

In order to complete your application for assistance, we need the following items below:

- [ ] **Uniform Residential Loan Application**
- [ ] **Certification of Household Size Form**
- [ ] **Use of Funds Certification (both Applicant and Co-Applicant must sign)**
- [ ] **Certification of Storm Tie-Back (both Applicant and Co-Applicant must sign)**
- [ ] **Duplication of Benefits Affidavit and Subrogation Agreement (both Applicant and Co-Applicant must sign)**
- [ ] **Division of Tax & Revenue- Certificate of Compliance (for both Applicant and Co-Applicant)**
- [ ] **FEMA Applicant Information Request form (both Applicant and Co-Applicant must sign)**
- [ ] **Photo I.D. -Driver's License, MOS, Passport (for applicants only) and Birth Certificates (for each member of the household)**
- [ ] **Eligibility Release Form (each adult member of the household must sign date and initial)**
- [ ] **Statement of Unemployment (each adult member of the household who is unemployed must complete this form)**
- [ ] **Social Security -Consent to Release Information (must be completed by each household member)**
- [ ] **Verification of Employment (employee's employer must complete this form)**
- [ ] **Check/Pay stubs (4 most current)**
- [ ] **1040 Tax Form for previous two (2) years (20___ and 20___)**
- [ ] **Verification of Child Support Payments, if applicable**
- [ ] **Checking Account Statement (6 most recent statements)**
- [ ] **Savings Account Statement (most recent statement)**
- [ ] **Assets – Retirement 401 (a)/(k), Supplemental Life, etc. (most recent statement with each cash value)**
- [ ] **Divorce Decree, Judgment(s), etc., if applicable**
- [ ] **Certificate of Title, Deed, or Residential Homestead Permit, etc. with Property Map (if applicable)**
- [ ] **Documentation for any Federal assistance such as WIC, MEDICAD, MEDICARE, LIHEAP, NAP, CHILDCARE ASSISTANCE, etc.**
- [ ] **Utility Bill (most current)**
- [ ] **Affidavit**

Due to the fact that many families are in the same position you are and the high demand for our services, we ask that you notify us one (1) day prior to your appointment if are unable to attend. If you are unable to submit ALL the necessary photocopied documents to your appointment, your eligibility assistance may be delayed.

Please read carefully:
As head of the household, I declare that members of my household have no ownership, in full or in part, of any assets other than those identified above, the value of which have been disclosed. Please sign below:

_____ _____
APPLICANT/DATE **CO-APPLICANT/DATE**

_____
DR LOAN SPECIALIST/DATE

"NMHC is an equal employment and fair housing public agency"

Tinian Field Office
Tel: (670)433-9213
Fax: (670)433-3690

CDBG-DR Office
Tel: (670)233-9447/9448/9449

Rota Field Office
Tel: (670)532-9410
Fax: (670)532-9441

NORTHERN MARIANAS HOUSING CORPORATION
Community Development Block Grant – Disaster Recovery (CDBG-DR) Division
P.O. BOX 500514, Saipan, MP 96950-0514
Email: cnmi-cdbg-dr@nmhcgov.net
Website: http://www.cnmi-cdbgdr.com

Tels: (670) 233-9447
233-9448
233-9449
233-9450
Fax: (670) 233-9452

CDBG-DR PROGRAM LOAN APPLICATION CHECKLIST

Applicant(s):_____ Date:_____ Submission Date:_____

In order to complete your application for assistance, we need the following items as checked below:

[ ] Uniform Residential Loan Application
[ ] Eligibility Release Form (each adult member of the household must sign date and initial)
[ ] Use of Funds Certification (both Applicant and Co-Applicant must sign)
[ ] Duplication of Benefits Affidavit and Subrogation Agreement (both Applicant and Co-Applicant must sign)
[ ] Verification of Employment (employee's employer must complete this form)
[ ] Statement of Unemployment (each adult member of the household who is unemployed must complete this form)
[ ] Verification of Child Support Payments, if applicable
[ ] Social Security -Consent to Release Information (must be completed by each household member)
[ ] Check/Pay stubs (4 most current)
[ ] 1040 Tax Form for previous two (2) years (20___ and 20___)
[ ] Division of Tax & Revenue- Certificate of Compliance (for both Applicant and Co-Applicant)
[ ] Loan Payment record(s), if any
[ ] Checking Account Statement (6 most recent statements)
[ ] Savings Account Statement (most recent statement)
[ ] Assets – Retirement 401 (a)/(k), Supplemental Life, etc. (most recent statement with each cash value)
[ ] Divorce Decree, Judgment(s), etc., if applicable
[ ] Certificate of Title, Deed, or Residential Homestead Permit, etc. with Property Map (if applicable)
[ ] FEMA Applicant Information Request form (both Applicant and Co-Applicant must sign)
[ ] Photo I.D. -Driver's License, MOS, Passport (for applicants only) and Birth Certificates (for each member of the household)
[ ] Documentation for any Federal assistance such as WIC, MEDICAD, MEDICARE, LIHEAP, NAP, CHILDCARE ASSISTANCE, etc.
[ ] Utility Bill (most current)
[ ] If a bankruptcy has been filed, a copy of your discharge letter (WE CANNOT PROCEED WITHOUT THE LETTER)
[ ] Affidavit

Due to the fact that many families are in the same position you are and the high demand for our services, we ask that you notify us one (1) day prior to your appointment if are unable to attend. If you are unable to submit ALL the necessary photocopied documents to your appointment, your eligibility assistance may be delayed.

Please read carefully:
As head of the household, I declare that members of my household have no ownership, in full or in part, of any assets other than those identified above, the value of which have been disclosed. Please sign below:

_____ _____
APPLICANT/DATE CO-APPLICANT/DATE

_____
DR LOAN SPECIALIST/DATE

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SUBCHAPTER 100-100.4
POLICIES AND PROCEDURES FOR CDBG-DR HOMEOWNER REHABILITATION AND RECONSTRUCTION

Part 001 General Provisions

§ 100-100.4-001 Introduction
§ 100-100.4-002 Public Announcement

Part 100 Purpose and Requirements

§ 100-100.4-101 Purpose of the Program
§ 100-100.4-102 Ineligible Activities
§ 100-100.4-103 General Requirements

Part 200 Grant Specifications

§ 100-100.4-201 Grant Amount
§ 100-100.4-202 Determination of Unit Size and Occupancy Standards
§ 100-100.4-205 Target Group
§ 100-100.4-210 Income Eligibility
§ 100-100.4-215 Property Eligibility
§ 100-100.4-235 Use of Grant Funds
§ 100-100.4-240 Eligible Costs

Part 300 Grant Application Process

§ 100-100.4-301 Confidentiality
§ 100-100.4-305 Discrimination Prohibited
§ 100-100.4-310 Pre-Qualification Interview
§ 100-100.4-315 Eligibility Notification
§ 100-100.4-320 Ineligible Applicants
§ 100-100.4-325 Initial Inspection of Residence
§ 100-100.4-330 Lead-Based Paint
§ 100-100.4-335 Environmental Review Procedures for Entities Assuming HUD Environmental Responsibilities (24 C.F.R. Part 58)
§ 100-100.4-340 Rehabilitation or Reconstruction Grant Application
§ 100-100.4-345 Application Intake and Processing
§ 100-100.4-350 Verification of Income
§ 100-100.4-355 Administration, Approval, Appeals Process
§ 100-100.4-360 Homeowner Counseling Session
§ 100-100.4-365 ~~Grant Agreement~~Commitment Letter
§ 100-100.4-370 Preliminary Title Report (PTR)
~~§ 100-100.4-374 Contractor Selection Process~~

Part 400 ~~§ 100-100.4-375~~ Rehabilitation ~~Pre-Construction Conference~~

§ 100-100.4-401~~§ 100-100.4-380~~ Performing Rehabilitation Work ~~Submission of Pre-Construction Documents~~

Part 500 Fraud, Waste and Abuse~~Part 400 Rehabilitation~~

§ 100-100.4-501~~§ 100-100.4-401~~ ~~Performing Rehabilitation Work~~Eligibility Certification
§ 100-100.4-505 Default

§ 100-100.4-510 Remedies Upon Default

~~Part 500~~

Part 600 Affordability
§ 100-100.4-601 Affordability Restrictions

Part 700 Conveyance
§ 100-100.4-701 Sale, Conveyance, or Transfer or Property

Part 800 Assumption
§ 100-100.4-801 Grant Assumption

Part 1000 Ethics
§ 100-100.4-1001 Conflict of Interest

Part 1100 Miscellaneous
§ 100-100.4-1101 Acronyms Reference Section
§ 100-100.4-1105 Homeowner Rehabilitation

Part 001 - General Provisions

§ 100-100.4-001 Introduction

As a result of the 2018 storms, namely Typhoon Mangkhut and Super Typhoon Yutu, the Commonwealth of the Northern Mariana Islands (CNMI) received an allocation of Community Development Block Grant Disaster Recovery (CDBG-DR) funds which will be administered by the Northern Marianas Housing Corporation (NMHC). NMHC has developed the Homeowner Rehabilitation and Reconstruction Program to cover the eligible costs to rehabilitate or reconstruct storm-related damaged properties in order to restore them back to decent, safe, and sanitary conditions. The governor of the CNMI has placed housing as the highest recovery priority. The total allocation amount at this time under this Program is $39,407,033.

Due to the limited availability of CDBG-DR funds allocated to the CNMI from the U.S. Department of Housing and Urban Development (HUD), financial assistance will be prioritized for the elderly or disabled extremely low-income families and then to low- to very low-income homeowners subject to HUD income limits which are published annually (https://www.huduser.gov/portal/datasets/il.html). NMHC has recognized these target groups to assist under the CDBG-DR program. Funds will be made available for eligible homeowner rehabilitation and reconstruction activities through grants to assist in the rehabilitation and reconstruction of their principal place of residence. The Program is designed to create a habitable living environment for homeowners with the most serious and significant damaged homes, and to serve as many impacted households as possible. As such, the Program requires the use of standard building materials, which may not restore some damaged homes to pre-storm conditions if luxury materials were damaged in the storm. To ensure the funding will assist the maximum number of households, rehabilitation and/or reconstruction work and materials will be limited to those items necessary to make the home livable and compliant with referenced building codes and HUD requirements.

Homeowner rehabilitation activities include those items identified at the initial inspection which are necessary in bringing the home in compliance with the 2018 International Building Code enacted by law and any updates approved by regulation by the CNMI Department of Public Works Building Safety Office and zoning laws (if applicable for Tinian and Rota), International Energy Conservation Code as adopted by the CNMI government, NMHC written design standards for single family housing new/rehabilitation, and accessibility requirements (where applicable) including the reduction of lead-based paint hazards and the remediation of other home health hazards.

The NMHC, on behalf of the CNMI, has been designated as the responsible entity in implementing and carrying out the objectives of the program. The Office of Housing under the CDBG-DR Program, Planning Division, will be responsible for the day-to-day operations of the Homeowner Rehabilitation and Reconstruction Program. Services include program outreach to potential eligible homeowners, application intake, program eligibility verification (both for the household and property), Duplication of Benefits review, Verification of Benefits analysis, award calculation, and

documentation execution., scope development and construction oversight. Support services will be provided by NMHC's Mortgage and Credit Division and Fiscal Division with respect to maintenance of financial records. Overall, the NMHC Corporate Director will assume ultimate responsibility for the efficient and proper administration of this program in accordance with statutory and regulatory requirements. Through these policies and procedures and by imposing NMHC and HUD-prescribed residential rehabilitation standards, NMHC will preserve and improve the quality of the housing stock of the CNMI that incurred damage during Typhoon Mangkhut and Super Typhoon Yutu.

§ 100-100.4-002 Public Announcement

(a) Publicity.

(1) Upon notification from HUD of the approval of the grant agreement, NMHC shall publish such approval within thirty (30) calendar days from the date of the approval. General information of the Homeowner Rehabilitation and Reconstruction Program shall be published in the print media of the widest local circulation, on the NMHC website, and other suitable means available. The program information shall also be posted in public and private bulletin boards where announcements are commonly posted. Grant applications may be submitted on or after a specified date to be stated in the public notice.

(2) With the conversion of the Homeowner Rehabilitation and Reconstruction Program from a loan to a grant program, NMHC will review the applications of all those determined to be ineligible due to high debt-to-income ratios when the program was structured as a loan program. It is believed that many of those who did not satisfy underwriting requirements will now be eligible for assistance,

(3) Once the revised group of applicants has been identified, if additional funds remain, NMHC will conduct additional outreach. That outreach will focus on low- and moderate-income areas where there were storm impacts, and low rates of application to ensure that those most in need of assistance are aware of the new program guidelines and requirements.

(b) Contents. Program announcements shall inform interested applicants on how and where they may obtain an application and additional information on the types of homeowner program activities being administered in the CNMI. Such announcements shall further contain the following information:

(1) Brief overview of the Homeowner Rehabilitation and Reconstruction Program;
(2) General list of eligible activities available;
(3) Amount of funding available;
(4) General eligibility requirements to qualify for financial assistance;
(5) Homeowner selection process;
(6) Fair Housing logo and Equal Opportunity language; and
(7) Opening date for acceptance of applications.

(c) Affirmative Marketing. To ensure that all persons are effectively and adequately informed about the rehabilitation and reconstruction program and the availability of funds, especially to those least likely to apply without regard to race, color, national origin, sex, religion, familial status, and disability, a marketing strategy such as brochures or information notices shall be provided and distributed or posted in the following locations and shall contain the information described in subsection (b). NMHC shall maintain records of actions taken to affirmatively market the program, and maintain records to assess the results of those actions. Brochures and/or program information notices shall be made available at the following public and private areas:

~~(1) U.S. Post Offices;~~
~~(2)~~(1) Major shopping centers;
~~(3)~~(2) Public health centers;
~~(4)~~(3) Places of worship;
~~(5)~~(4) Government office buildings;
~~(6)~~(5) The Nutrition Assistance Program (Food Stamp) office(s); and
~~(7)~~(6) U.S. Social Security Administration office(s).

Part 100 - Purpose and Requirements

§ 100-100.4-101 Purpose of the Program

The purpose of the program is to provide assistance in the form of grants to extremely low, very low and low-income families for the rehabilitation or reconstruction of their principal residence. The rehabilitation goal is to repair or reconstruct storm damaged homes, increasing the economic life of the existing dwelling, providing energy efficiency, and ensuring a safe, decent, and healthy living environment for assisted families.

If funding remains after serving all the low to moderate income households, then the program will consider applicants with household incomes 81% or greater AMI.

The **rehabilitation component** will be available to serve homeowners whose homes received Major or Severe damage but do not meet the definition of destroyed or substantially damaged. NMHC will use the services of A&E firms to provide construction management which includes conducting damage assessments, design services, developing scopes of work and costs estimates, progress inspections, and contractor assessments. The construction managers will work closely with the Housing Division staff, contractors, and homeowners throughout the rehabilitation or reconstruction process.

The **reconstruction component** will be available to serve homeowners whose homes were destroyed or substantially damaged. Applicants that have already demolished their storm-damaged homes must also provide documentation evidencing the pre-storm structure type, total square footage, and that the damage to the home was caused by the storm. Applicants

must also provide notices of condemnation, substantial damage notifications, or other notices requiring the property be demolished.

§100-100.4-102 Ineligible Activities

The following activities are *ineligible* and CDBG-DR grant funds *cannot* be used for any portion:

- Assistance for homeowners whose home was in a flood hazard zone and previously received federal flood disaster assistance and failed to maintain the required flood insurance;
- Assistance for homeowners for (a) whose property sustained damage in the typhoons and was located in a floodplain at the time of the disaster, **and** (b) the owner did not maintain flood insurance on the damaged property, even if the property owner was not required to obtain and maintain such flood insurance (see Section 4.4 below);
- Forced mortgage payoffs;
- SBA home/business loan payoffs;
- Funding for units occupied by any households except the owner household (no rental or lease properties are allowed);
- Funding for second homes; or
- Compensation payments.

§ 100-100.4-103 General Requirements

To qualify for rehabilitation assistance, the applicant(s) must meet the following:

(a) Qualify as Low Moderate-Income family as defined by HUD including applicants who are above the 80% but less than 120% of AMI. Eligible households over 80% AMI will meet the national objective of urgent need;

(b) The dwelling must be the applicant's primary residence prior to the storms and prior to applying for rehabilitation or reconstruction assistance;

(c) Must occupy and continue to occupy residence after the completion of such repairs for five (5) years and for reconstruction for a period of ten (10) years;

(d) Own the property under an approved form of ownership as set forth in 24 CFR § 92.254(c), and as specified below:

(1) Has fee simple title to the property;
(2) Maintains a 10-year leasehold interest in the property;
(3) Maintains an equivalent form of ownership approved by HUD.
(4) Undergo duplication of benefits analysis.

(e) Applicants not meeting any one of the above, do not qualify for assistance under this program.

Title 18, Section I 00 I, et seq. of the United States Code, the general false statement statute, outlaws making materially false statements, intentional or negligent misrepresentations in matters within the jurisdiction of a federal agency or department, such as federal disaster relief funding. Civil or criminal penalties, including but not limited to fine, imprisonment or both, as well as repayment of any assistance provided, may be pursued. Under Section 100I, a statement is a crime if it is false, regardless of whether it is made under oath. Failure to disclose accurate and complete information may affect eligibility requirements. Some of the information submitted by applicants will be validated through third-party sources during the eligibility process.

The following is incorporated into all application and grant documents:

Warning: *Any person who knowingly makes a false claim or statement to HUD may be subject to civil or criminal penalties under 18 U.S.C. 287, 1001 and 31 U.S.C. 3729. Under penalties of perjury, I/we certify that the information presented above is true and accurate to the best of my/our knowledge and belief. I/We further understand that providing false representations herein constitutes an act of fraud. False, misleading or incomplete information may result in my ineligibility to participate in this program or any other programs that will accept this document. Title 18, Section 1001 of the U.S. Code states that a person is guilty of a FELONY if he/she knowingly and willfully makes a false statement to any department of the United States Government.*

Part 200 - Grant Specifications

§ 100-100.4-201 Grant Amount

(a) The maximum grant amount for a Rehabilitation project is capped at $200,000.00, excluding possible optional relocation costs. In special circumstances, a Review Panel, impaneled by the Corporate Director, may authorize a greater amount.
(b) Reconstruction projects may exceed the rehabilitation projects' maximum of $200,000 that are deemed justified and cost reasonable and supported by independent cost estimates. The maximum for a Reconstruction project is $250,000.00, excluding possible optional relocation costs. In special circumstances, a Review Panel, impaneled by the Corporate Director, may authorize a greater amount.
(c) NMHC, through the assistance of a private A&E Firm, may update independent cost estimates currently capped at $200,000 for rehabilitation projects periodically and as may be needed.

§ 100-100.4-202 Unit Size Determination and Occupancy Standards

(a) **Fair Housing**. The Fair Housing Act ("Act") (42 U.S.C. §§ 3601-19) prohibits discrimination in the sale, rental, and financing of dwellings, and in other housing-related transactions, based on race, color, national origin, religion, sex (including gender identity

and sexual orientation), familial status, and disability. Discrimination includes a failure to make a change, exception, or adjustment to a policy, practice, procedure, or service when such accommodation may be necessary for an individual with a disability to enjoy and use housing. In addition to the requirements under the Act, there may be additional requirements for recipients of federal assistance from HUD.

(b) **Housing Unit Suitability**. Homes acquired, purchased, or newly constructed with CDBG-DR funds under this program, at a minimum, shall be decent, safe, and sanitary.

(c) **Determination of Unit Size**. Limited funding notwithstanding, NMHC shall ensure that the following occupancy standards are observed.

(1) **Occupancy Standards**. Occupancy standards are rules about the number of people that can live in a bedroom or at a property. These standards are usually based on the number of bedrooms at a property, but they can also take into account the total amount of livable square footage. Oftentimes, a combination of both makes the final call about how many people can live there. HUD occupancy standards are the rules set up by the Department of Housing and Development. These federal occupancy standards are part of the Fair Housing Act Amendment, and they are the overarching rules for occupancy.

(2) **Unit Bedroom Size**. NMHC has set the following Occupancy Standards for family and unit size:

(i) All bedrooms with one person should have at least 70 square feet.

(ii) Shared bedrooms must have at least 50 square feet per person.

(iii) Kitchens and other non-habitable rooms cannot be used as a bedroom.

(iv) Every unit should have an overall occupant limitation based on its overall size:

(i) 1-2 occupants: must have at least 120 square feet living room.

(ii) 3-5 occupants: must have at least 120 square feet living room and 80 square feet dining room.

(iii) 6 or more occupants: must have at least 150 square feet living room and 100 square feet dining room.

No. of Family Members	No. of Bedrooms
1-2	2
3-4	2
5-6	3
7-8	4
9 and above	5

(v) **Exceptions**. In certain unique conditions and situations, NMHC, on a case-by-case basis, may grant exceptions when warranted and after thorough review of grant applications.

§ 100-100.4-205 Target Group

Because of the limited funding allocated to the CNMI, NMHC has recognized the need to prioritize the level of assistance to qualified families. In the event that there are more applicants than available funds, NMHC shall establish and maintain an applicant waiting list. All applicants being assisted,

as well as those placed on the waiting list shall be processed on a first come, first serve basis, based in the priority needs as described below:

NMHC will categorize the target groups based on income levels as follows:

(a) 0% to 80% AMI- 1st priority:

(b) 81 or greater AMI- 2nd priority:

§ 100-100.4-210 Income Eligibility

NMHC shall use the HUD CPD Income Eligibility Calculator when determining income eligibility. NMHC shall also refer to the Technical Guide for Determining Income and Allowances for the CDBG-DR Program, Third Edition in verifying the household's assets and income which can be found in the HUD website. The NMHC shall adopt the guide and make use of the 1040 income and asset calculation worksheets including any and all forms required in determining an applicant's annual and adjusted income. Information provided by the applicant shall be accompanied with proper documentations (i.e., check stubs, bank statements, 1040 tax forms, etc.). The anticipated gross annual household income and assets for the next twelve (12) months is used in determining if an applicant(s) is/are eligible to participate in the program. NMHC shall calculate the weekly average income and assets and multiply it by 52 weeks. If the total household income falls within the 80% area median income as indicated in § 100-100.4-220(b), the applicant(s) is/are eligible to participate in the program. Households whose incomes are 80% or greater of the area median income are also eligible once LMI households have been served.

§ 100-100.4-215 Property Eligibility

(a) Property Ownership: Interested applicant(s) must provide proof of fee simple ownership or must have at least a 10-year leasehold interest in the property to be improved. In addition, the applicant must be present and have interest on the property on or before the presidential disaster declaration date for Typhoon Mangkhut or Super Typhoon Yutu. The assisted unit must be located in the CNMI, more specifically, on Saipan, Rota, or Tinian.

(b) In the event of the death of an applicant that has been determined as eligible but prior to grant execution, their heirs who are able to document they were occupants of the residence at the time of the disaster and can prove current ownership through heirship will be eligible to apply for Program assistance.

If an owner occupant of a property damaged by Typhoon Mangkhut and/or Super Typhoon Yutu has passed away, their heirs may apply for Program assistance, provided they are able to submit evidence the damaged property was also the heir's primary residence at the time of one of the storms.

Heirs who were not occupants at the time of either disaster event are not eligible for Program assistance.

(c) Conformance to Property Standards: All assisted properties that are rehabilitated with CDBG-DR assisted funds must meet the program's established rehabilitation standards (see APPENDIX A.2). The Rehabilitation Standards are the program's guidelines of acceptable construction methods and materials to be used when performing rehabilitation and the quality standards that the property must meet when all rehabilitation work is completed.

NMHC's The CDBG-DR Written Rehabilitation Standards shall detail the methods, materials and requirements that the housing must meet upon completion of rehab, including all of the following:

(1) Health and Safety - identifying all life-threatening deficiencies that must be addressed immediately if the housing is occupied [24 CFR 92.251(b)(1)(i)];
(2) Major systems – requiring that, upon project completion, each major system, as defined in 24 CFR 92.251(b)(1)(ii), had a remaining useful life of a minimum of 5 years, or for a longer period as specified by the NMHC, or the major system was rehabilitated or replaced as part of the rehabilitation [24 CFR 92.251(b)(1)(ii)];
(3) Lead-based paint [24 CFR 92.251(b)(1)(iii)];
(4) Disaster mitigation (if applicable) – requiring the property meet the disaster mitigation requirements [24 CFR 92.251(b)(1)(vi)];
(5) State and local codes, ordinances and zoning requirements [24 CFR 92.251(b)(1)(vii)];
(6) Minimum deficiencies that must be corrected based on inspectable items and areas in HUD's Uniform Physical Condition Standards [24 CFR 92.251(b)(1)(viii)].

After rehabilitation or reconstruction is complete, NMHC shall make the rehabilitation standards available to the Department of Public Works (DPW) inspectors and the inspectors shall use them as a guide to certify that completed work was done accordingly. This certification will become part of the applicant record.

(d) Local/State, National, or International Codes: Upon completion of rehabilitation or reconstruction work, the CDBG-DR assisted owner-occupied rehabilitation property must meet the 2018 International Building Code (2018) enacted by law and updates approved by regulation by the CNMI Department of Public Works Building Safety Office, zoning laws, and International Energy Conservation Code as adopted by the CNMI government. The property must also meet the Green Building and Energy Efficiency Standards as outline in the attached documents, consistent with the Federal Register Notice requirements.

(e) Upon completion of rehabilitation work, the CDBG-DR assisted owner-occupied rehabilitation property must meet accessibility requirements, where applicable;

The homeowner must also maintain, at their own expense, property insurance on the property covering fire, earthquake, and typhoon.~~.~~ An insurance waiver may be granted, in whole or in part, to homeowners who show financial hardship.

(f) Principal Residence and Annual Recertification:

(1) CDBG-DR rehab applicants approved to receive financial assistance must own the property and occupy the property as their principal residence at the time of application, upon completion of the CDBG-DR-funded project, and throughout the NMHC affordability period. In order to maintain compliance with the affordability restrictions, borrower(s) shall be recertified annually for principal residency throughout their affordability period. An annual recertification for principal residency notices and form shall be sent to homeowners/borrowers to complete, sign, and submit to NMHC in order to confirm and have on file that they are continually occupying the property and housing. The following stipulations apply for a principal residence:

(i) A deed restriction or covenant running with the land shall incorporate this requirement;

(ii) A written agreement between the homeowner and NMHC shall also incorporate this requirement;

(iii) Temporary subleases are not allowed.

(2) Annual recertifications are conducted in order for homeowners to maintain compliance with the affordability restrictions.

(3) Annual recertifications through field visits may be conducted if the required completed form has not been provided, or if the account status is pending probate, or the account has been accelerated to the collection attorney for foreclosure proceedings. The Program Specialist shall verify the borrower(s) principal residence and, as necessary, to take photos and document the status of the residential unit.

(4) Affordability periods during which the homeowner must maintain the home as his/her primary residence are as follows:

a. Rehabilitation 5 years

~~b.~~ Reconstruction 10 years

b.

~~(5)~~

~~(6)~~

~~(7)~~

~~(8)~~(5) ~~5.~~ Extended Terms: Should a financial hardship beyond the homeowner's control exists, a request for a waiver of the repayment provisions of the affordability requirement can be considered~~:~~. The borrower(s) must provide NMHC with documentation justifying their inability to meet the affordability term while at the same time providing an adequate standard of living for his/her/their family. Financial hardship includes, but is not limited to:

(1) Reduction-in-force;

(2) Reduction in pay;

(3) Family medical emergency (including death of an immediate family member: parents, siblings, child(ren), spouse, and in-laws);
(4) Medical condition (including career-ending injury) that causes homeowner to discontinue employment. The borrower's physician must complete the homebuyer/homeowner program disability eligibility verification to certify the borrower's medical condition;
(5) Temporary relocation (provided that at least one of the original household members is still residing in the assisted unit); or
(6) Natural disaster.

§ 100-100.4-235 Use of Grant Funds

(a) (1) The grant funds will be used to assist existing homeowners to repair, rehabilitate, or reconstruct owner-occupied housing units affected by the storms for the primary purpose of correcting dwelling deficiencies ensuring a safe and healthy living condition, and preserving and extending the physical life of the dwelling. All corrections shall conform to the 2018 International Building Code enacted by law and any updates approved by regulation by the CNMI Department of Public Works Building Safety Office, zoning laws, International Energy Conservation Code as adopted by the CNMI government, and also ensure that it meets the NMHC HOME/CDBG-DR Rehabilitation Standards as adopted by the NMHC Board.
(2) Special purpose homeowner repairs such as weatherization, emergency repairs, and accessibility may only be undertaken within a more comprehensive scope of work that brings the housing unit up to standard.

(b) (1) Rehabilitation - This includes the alteration, improvement, or modification of an existing structure. It also includes moving an existing structure to a new foundation. Rehabilitation may include adding rooms outside the existing walls of a structure.
(2) Adding a housing unit is considered new construction and is not eligible.

(c) Reconstruction - In most instances, applicant(s) requesting assistance under this program live in substandard homes which are often unsafe and unsanitary. Many of which are termite infested and dilapidated to the point where a complete tearing down of the unit would be most appropriate. These types of structures would most likely endanger the households during storms and other calamities. Reconstruction refers to rebuilding a structure on the same lot where the housing unit is standing at the time of the storms. CDBG-DR funds may be used to build a new foundation or repair an existing foundation. Reconstruction may take place on the same foundation that the existing structure was on. Reconstruction may take place anywhere on the lot. During reconstruction, the number of rooms per unit may change, but the number of units may not.

(d) Luxury items and improvements are not eligible, including but not limited to: barbecue pits, bathhouses, exterior hot tubs, saunas, whirlpool baths, swimming pools, satellite dishes, tennis courts, and granite counter tops. Any additions or alterations to provide for commercial use are not eligible.

§ 100-100.4-240 Eligible Costs

CDBG-DR funds can be used to cover the hard rehabilitation costs necessary to meet required rehabilitation standards and associated "soft costs." CDBG-DR funds may be used to pay for property improvements that are considered standard for the area. However, non-essential luxury or cosmetic improvements to the property are not permitted.

(1) Hard costs include the following:
- (i) Meeting the rehabilitation standards;
- (ii) Meeting applicable codes, standards, and ordinances;
- (iii) Essential improvements;
- (iv) Energy-related improvements;
- (v) Lead-based paint hazard reduction;
- (vi) Accessibility for disabled persons;
- (vii) Repair or replacement of major housing systems;
- (viii) Incipient repairs and general property improvements of a non-luxury nature; and
- (ix) Site improvements and utility connections.

(2) Soft costs include the following:
- (i) Financing fees;
- (ii) Preliminary title report (PTR) and lender's title policy, if applicable;
- (iii) Recordation fees, transaction taxes;
- (iv) Legal and accounting fees;
- (v) Appraisals;
- (vi) Architectural/engineering fees, including specifications and job progress inspections;
- (vii) Project costs incurred by the grantee that are directly related to a specific project.

(b) NMHC shall set aside $~~2,050.00~~7,950.00 (more or less, depending on current costs) per project from the program budget to assist each qualified rehab or recon borrower to pay for the following grant closing fees and other related costs. This form of assistance shall not be in any way, a part of the rehab grant amount extended to the client. Borrowers will not be required to pay back any of this amount so long as they are in compliance with NMHC affordability restrictions. The entire amount shall be immediately due and payable by the borrower should NMHC determine that borrower(s) are not in compliance with NMHC affordability restrictions.

(1)	$5,000.00	Utility connection*;
(2)	$~~1,200~~2,000.00	First annual premium for hazard insurance;
(3)	$250.00	Recordation of covenant;
(4)	$100.00	Preliminary title report (PTR);
(5)	$600.00	Appraisal (if applicable)
	$~~2,050~~7,950.00	Total

*Borrower must ensure that there are no outstanding issues with the utility company.

(1) If the homeowner(s) opt to have a private inspector perform unit inspection, the first/initial unit inspection fee may be covered by NMHC, subject to any conditions set by NMHC. Any cost associated with any subsequent inspection shall be the responsibility of the homeowner(s).

Part 300 - Grant Application Process

§ 100-100.4-301 Confidentiality

As is NMHC's practice, all applicant information is kept confidential and shall be made available only to the applicant, the applicant's authorized representative; HUD and the Comptroller General of the United States, any of their representatives, have the right of access to any pertinent books, documents, papers or other records of the participating jurisdiction, state recipients, and subrecipients, in order to make audits, examinations, excerpts, and transcripts; and authorized NMHC personnel.

§ 100-100.4-305 Discrimination Prohibited

Under no circumstances shall any of the NMHC Board of Directors, its officers, employees, agents, or contractors providing services to the corporation discriminate any applicant on the basis of race, color, national origin, religion, sex, ancestry, disability, or familial status (including children under the age of 18 living with parents or legal custodians, pregnant women, and people securing custody of children under the age of 18).

§ 100-100.4-310 Pre-Qualification Interview

(a) Before an applicant can be given a formal application, the interviewing program specialist must conduct a pre-qualification interview to initially determine an applicant's eligibility for assistance. A Homeowner Rehabilitation and Reconstruction Program Pre-Qualification Interview Worksheet shall be completed by the interviewing program specialist.

(b) The information collected from the applicant during these processes subject to verification. As a result, applicants whose threshold eligibility elements cannot be verified may later be determined ineligible for the program.

(c) The following documentation is required to determine eligibility (see File Checklist):
- (1) Completed application
- (2) Valid current ID (applicant and co-applicant)
- (3) Proof of citizenship
- (4) Documentation of principal residency – date of storm
- (5) Proof of ownership
- (6) Income documentation
- (7) Tie to disaster documentation
- (8) Documentation for duplication of benefits determination (FEMA, SBA, private insurance, charity)

(9) Current mortgage statement
(10) Receipts or other documentation of repairs made by applicant with funds provided
(11) Power of attorney (if applicable)
(12) Communication designee (if applicable)
(13) Homestead permit and/or deed (if applicable)

§ 100-100.4-315 Eligibility Notification

Once the applicant(s) has been pre-qualified and have been later determined eligible for the program, NMHC shall officially notify the applicant(s) in writing of their eligibility. Such notification shall be mailed no later than five (5) working days after the determination and shall contain a listing of additional information to be submitted for completion of the applicant's file. Eligible applicant(s) shall be given thirty (30) calendar days to submit the additional information requested. Applicant(s) who do not submit all pending information before the thirty (30) calendar day deadline, shall have their application(s) file placed in the inactive files.

§ 100-100.4-320 Ineligible Applicants

All ineligible applicants shall be notified in writing of their ineligibility. Such notification shall be mailed no later than five (5) working days after the determination of ineligibility and shall include a description/reason of such determination. Those found ineligible may appeal such determination to the Corporate Director within ten (10) working days from the date of receipt of the ineligibility notice. The Corporate Director will then review the appeal and render a decision within thirty (30) days from the date of receipt of the appeal letter. Ineligible applicants may further appeal the Corporate Director's decision to the NMHC Board for reconsideration.

§ 100-100.4-325 Initial Inspection of Residence

Initial inspections shall be conducted by NMHC's A&E firm contractor(s) or project manager and in coordination with the program specialists or an NMHC representative to identify and verify deficiencies noted by eligible homeowners/applicants. NMHC personnel conducting the inspections shall note deficiencies in written form and shall document (i.e., obtain pictures) the condition of the unit. Such inspections shall also verify the eligibility and be the basis in estimating the costs of the rehabilitation activities requested and in developing the scope of work for the rehabilitation project. The applicant and the inspection personnel (A&E firm), as well as the responsible program specialist, shall work cooperatively to develop the scope of work for the project. The rehab scope of work needs to adequately describe the work to be performed so the housing will meet NMHC's written rehabilitation standards at completion. The scope of work must be an eligible activity as described in § 100-100.4-235. The A&E firm providing the scope of work will also provide NMHC with an estimated cost of repairs that will serve as the independent cost estimate against which construction bids will be evaluated. The scope of work shall be provided to three (3) NMHC-approved contractors by the borrower(s) who shall prepare a cost breakdown estimate for the project. The estimates shall then be submitted along with the applicant(s) choice of contractor for the project upon submission of his/her/their grant application. If the applicant(s)'s choice of

contractor is not on NMHC's approved contractor listing, the contractor shall be vetted prior to award of the contract. With regard to reconstruction projects, NMHC may provide pre-approved house plans to the applicant that best fit the footprint of the destroyed home. NMHC may, at its own discretion, select the appropriate contractor for the applicant if the rehab project is deeply subsidized using additional CDBG-DR funds. Deeply subsidized means additional funding assistance on top of the underwritten funding assistance.

§ 100-100.4-330 Lead-Based Paint

(a) The federal government banned lead-based paint from housing in 1978. Deteriorating lead-based paint (peeling, chipping, chalking, cracking, or damaged) is a hazard and needs immediate attention.

(1) For Homeowner Rehabilitation Projects: Before any rehabilitation work is done, homeowners must provide documentation that shows that their homes were built either before or after January 1, 1978. Such documentation may include a copy of the building permit, if one can be provided; a notarized declaration/affidavit by the homeowner(s) or contractor attesting to the completion date of the home construction; and the age of the dwelling unit/property.

(b) For those homes deemed to have been completed before January 1, 1978, they must be checked for lead in one of two ways, or both:

(1) A paint inspection which shows the lead content of every different type of painted surface in the home;
(2) A risk assessment which shows if there are any sources of serious lead exposure (such as peeling paint and lead dust). A risk assessment provides the homeowner the necessary actions to take when addressing these hazards.

(c) Only a trained, certified professional is allowed to check the home for such hazards. Only a certified lead "abatement" contractor is allowed to permanently remove lead hazards. However, if the risk assessment does not reveal any lead-based paint hazards, NMHC will not require the homeowner to conduct any abatement of hazards.

(d) For those homes that were completed before January 1, 1978, the following forms must be completed by the contractor:

(1) Lead Hazard Evaluation Notice;
(2) Notice of Lead Hazard Reduction;
(3) Relocation Screening Sheet for Projects with Lead Hazard Reduction Activities;
(4) Protection of Occupants' Belongings and Worksite Preparation for Projects with Lead Hazard Reduction Activities; and
(5) Property Owner/Rehab Contractor Contract Addendum Reduction of Lead Paint Hazards

(e) The following are required activities to address lead-based paint;

(1) NMHC-issued Notifications

(i) Lead Hazard Information Pamphlet—Occupants, owners, and purchasers must receive the EPA/HUD/Consumer Product Safety Commission (CPSC) lead hazard information pamphlet, or an EPA-approved equivalent.

~~(ii)~~ Notice of Lead Hazard Evaluation or Presumption—Occupants, owners, and purchasers must be notified of the results of any lead hazard evaluation work or the presumption of lead-based paint or lead hazards.

~~(iii)~~ (ii)

(2) Notice of Lead Hazard Reduction Activity—Occupants, owners, and purchasers must be notified of the results of any lead hazard reduction work.

(3) Lead Hazard Evaluation—Evaluation methods include visual assessments, paint testing, and risk assessments.

(4) Lead Hazard Reduction—Reduction methods described include paint stabilization, interim controls, standard treatments, and abatement.

§ 100-100.4-335 Environmental Review Procedures for Entities Assuming HUD Environmental Responsibilities (24 C.F.R. Part 58)

(a) CDBG-DR rehabilitation activities to be undertaken by NMHC are subject to the environmental review requirements at 24 C.F.R. Part 58. NMHC is the responsible entity and is responsible for ensuring that the environmental review process is satisfied before CDBG-DR funds are committed to specific project site.

(b) Rehabilitation of homeowner housing may be categorically excluded per 24 C.F.R. §58.35(a)(3) when the following conditions are met:

(1) The building is for residential use and has one to four units;

(2) The density will not increase beyond four units; and

(3) The land use will not change.

(c) Reconstruction of a single-family unit in a new location on the same lot is classified as new construction for the purposes of environmental review. Reconstruction of homeowner housing may be categorically excluded per 24 C.F.R. § 58.35(4)(i) when it is an individual action (reconstruction only) on a one to four family dwelling and there are no more than 4 dwelling units on any one site.

(d) Homeowner rehabilitation housing categorically excluded per 24 C.F.R. § 58.35 is categorically excluded from an environmental assessment (EA) and finding of no significant impact (FONSI) under the National Environmental Policy Act (NEPA) except for extraordinary circumstances. To document compliance with environmental review requirements, NMHC must:

(1) Complete the Rehab Environmental Review (RER) (which includes the Notice of Intent to Request Release of Funds for Tiered Projects and Programs, submitting a RROF to HUD, and obtaining the ATUGF from HUD), in accordance with 24 CFR 58; and,
(2) Complete the Tier 2~~(a)~~ Site Specific Review - RER Appendix A when an individual ~~loan or~~ grant application is received before approving any site-specific grant for each structure, document and implement the mitigation of impacts as necessary, and keep all supporting documents in the Environmental Review Record as evidence of compliance.

§ 100-100.4-340 Rehabilitation or Reconstruction Grant Application

(a) Applicants determined eligible for assistance will be provided a Rehabilitation or Reconstruction Grant Application. A checklist of all required documentation for submission is attached to the grant application. Preliminary requirements include:

(1) Certificate of title/deed/homestead permit/lease agreement;
(2) Property map and sketch of direction to property;
(3) Program eligibility release form
(4) 1040 tax form for the previous tax year;
(5) Latest two (2) months of pay stubs;
(6) Verification of employment;
(7) Current loan statement or loan payment record;
(8) Most recent savings account statement (TCD, bonds, form passbook, money market accounts);
(9) The last six (6) months checking account statement available;
(10) Profit sharing plan (bank or duty-free employees);
(11) Most recent retirement plan statement;
(12) Current certification of child care expenses;
(13) Current Certificate of Compliance from Division of Revenue and Taxation;~~;~~,
(14) Judgments (if any); divorce statement and/or probate decree;
(15) Verification of medical expenses (transportation and medication);
(16) Verification of full-time student status;
(17) Business income tax forms for three (3) previous years, if applicable;
(18) Verification of Social Security or SSDI benefits;
(19) Verification of pension and annuities;
(20) Verification of Veterans Affairs benefits;
(21) Most current financial statements, if applicable.

(b) A duplication of benefits verification will also be performed to determine actual grant assistance.

§ 100-100.4-345 Application Intake and Processing

§ 100-100.4-350 Verification of Income

As part of determining income eligibility (to determine income eligibility, NMHC needs to consider the income of ALL household members), the applicant(s) shall provide NMHC with an executed Program Eligibility Release Form to conduct a third-party verification, if needed.

§ 100-100.4-355 Administration, Approval, Appeals Process

(a) Program Administration

(1) The Housing Administrator is tasked in implementing and managing of related tasks. The Housing Administrator shall ~~assign~~ supervise program specialists ~~to assist in grant~~in grant origination, underwriting and closings ~~signings~~ under the Homeowner Rehabilitation and Reconstruction Program. The Duplication of Benefits (DOB) analysis will also be conducted by the CDBG-DR Housing Administrator to determine net financial assistance to be provided to the Homeowner.

(2) Under the direction of the CDBG-DR Housing Administrator, a CDBG-DR Grant Supervisor and/or a Grant Specialist shall review and verify all applicants' income, assets, liabilities, title reports, and any other requested reports and documentation. Upon completion of the review process, the Grant Specialist shall prepare a grant write-up containing his/her recommendations.

~~(2)~~(3) The Housing Administrator shall review each submitted application, ensure all supportive documentation is in place and complete, and concur or make any necessary recommendations to the Corporate Director prior to the Corporate Director making the final decision on the grant application.

(b) Grant Review & Approval

Under the direction of the Housing Administrator, a grant specialist shall review and verify all applicants' income, title reports, and any other requested reports and documentation. Upon completion of the review process, the grant specialist shall prepare the grant document.

(1) The Housing Administrator shall review the grant application for concurrence before submitting the same to the Corporate Director for a final decision. Final approval or denial of any grant shall be made by the Corporate Director except as follows:

(i) If the Corporate Director is off-island or on extended leave at the time the ~~loan or~~ grant is submitted to him/her for a final decision, then the Deputy Corporate Director may make the final decision to approve or deny the grant; or

(ii) If the Corporate Director and Deputy Corporate Director are both simultaneously off island or on extended leave at the time the grant is submitted for a final decision, then the Acting Corporate Director may make the final decision to approve or deny the grant.

(2) For purposes of these policies, off-island or extended leave shall be defined as an absence or leave that extends for more than three (3) working days after the ~~loan or~~ grant is submitted to the Corporate Director for his or her final decision.

(3) A written notice of the final decision shall be provided to the applicant and a copy/report of the decision shall be provided to the NMHC Board of Directors for informational purposes.

(c) Grant Denial Appeals Process

(1) Applicants denied assistance under this program may appeal the final decision to the NMHC Board of Directors (Board) by submitting their appeal in writing to the Corporate Director within ten (10) calendar days of the written notice of the final decision.

(2) Any appeal submitted must indicate the basis for the appeal and include any supporting documents. Upon receipt of an appeal, the Corporate Director shall submit the same to the Board of Directors for review and action at the next scheduled Board meeting.

§ 100-100.4-360 Homeowner Counseling Session

All applicants for grant assistance must attend a Homeownership/Homebuyer Education and Counseling Session that will be provided by NMHC. On or before August 1, 2021, NMHC employees providing housing counseling will be HUD certified housing counselors, and NMHC will have applied directly to HUD and received approval, or NMHC will have applied to a HUD-approved intermediary and received approval by the entity to be its affiliate. NMHC shall notify the applicant(s) of the date, time, and location of the session. The education and counseling session shall be scheduled after the grant has been preliminarily approved and may be conducted before or on the day that NMHC issues the commitment letter to the applicant(s). The counseling session shall include a discussion of the terms and conditions of the grant, educate the homeowner(s) of their financial responsibilities, the importance of budgeting, making timely payments, foreclosure prevention, as well as home maintenance and repair measures. Acceptable delivery method for housing counseling may be in-person, phone, or internet. Duration of the housing counseling is ~~eight~~ four (~~8~~4) hours. Upon completion of the housing counseling, the grant recipients will receive a counseling certificate and this counseling certificate is valid for 2 years. Funding for housing counseling will come from project-related soft costs.

NMHC shall inform applicant(s) at the time of their submission of their application of the required homeowner counseling session and again in written form when NMHC notifies the applicant(s) of NMHC's preliminary approval of their grant request. Failure to attend the required Homeownership/Homebuyer Education and Counseling Session may be grounds for denial or cancellation of assistance.

§ 100-100.4-365 ~~Grant Agreement~~Commitment Letter

Once the grant application has been approved by the NMHC Corporate Director, the responsible grant specialist shall prepare the ~~grant agreement~~Commitment Letter for the Corporate Director's signature. The Commitment Letter~~grant agreement~~ is a binding agreement between NMHC and the borrower(s) wherein it discloses the terms and conditions of the grant including that the housing is the principal residence of an income qualified homeowner; the amount of the grant, the rehabilitation work to be performed; the completion date; and the property standards that must be met.

~~(a) The responsible program specialist shall obtain a written certification (via email or memo format) from the Chief Financial Officer or Finance Manager that funds are available for the project before the Corporate Director executes the grant agreement.~~

~~(b)~~(a) After the Commitment Letter~~grant agreement~~ has been signed and dated by the Corporate Director, the responsible program specialist shall schedule the applicant(s) to come in and also sign and date the document should they agree with the terms and conditions.

~~(c)~~(b) NMHC must reexamine the household's income eligibility if the determination was made more than six (6) months before signing the Commitment Letter~~Grant Agreement~~.

~~(d)~~(c) NMHC must set up the activity in DRGR following execution of the grant agreement and commitment of CDBG-DR funds.

§ 100-100.4-370 Preliminary Title Report (PTR)

(a) The responsible program specialist shall order a preliminary title report (PTR) on behalf of the applicant(s). ~~within two (2) weeks after the applicants have executed their grant agreement.~~ The purpose in obtaining a title report is to ascertain ownership of the proposed property is verified and there are no liens that will cloud the title.

(b) A title search and review of recorded ownership information is conducted to verify that the property to be assisted with CDBG-DR funds is held in one of the eligible forms of ownership.

(c) The responsible program specialist shall obtain the preliminary title report (PTR) by submitting an email request to the local title companies. The project will be granted on a first come, first served basis to the company agreeing to the rate set by NMHC.

~~(d) The Program Specialist shall obtain an updated PTR prior to grant signing to ensure that the ownership of the property is verified and there are no liens that will cloud the title.~~

~~**§ 100-100.4-374 Contractor Selection Process**~~

~~(a) All vendors and contractors are required to register with NMHC in order to do business with our agency. Interested vendors/contractors are provided a registration packet that lists all~~

~~required documents, i.e., valid CNMI business license, financial statements, certificate of good standing from the CNMI DOL, actively registered with SAM, etc. Something similar bidder/offeror's responsibility or possess the capacity and capabilities to carry out and complete contractual obligations prior to awarding of a contract.~~

~~(b) NMHV maintain a list of approved contractors that is continuously updated when a new contractor completes the vetting process and is registered with NMHC~~

~~(c) Awards shall be made only to responsible contractors. To be determined responsible, a prospective contractor must: (1) Have adequate financial resources to perform the contract, or the ability to obtain them; (2) Be able to comply with the required delivery or performance schedule; (3) Have a satisfactory performance record; (4) Have a satisfactory record of integrity and business ethics; (5) Have the necessary organization, experience, and skills, (or the ability to obtain them) required to successfully perform the contract; (6) Have the necessary production, construction, and technical equipment facilities, or the ability to obtain them; (7) Provide evidence of validity to conduct business in the Commonwealth (valid business license(s), up-to-date BGRT payments, Certificate of Good Standing from NMI Department of Labor, Certificate of Insurance Compliance from NMI Department of Commerce, Payment and Performance Bond Insurance (as applicable), Employees listing with valid permits and identification to reside and work in the Commonwealth, etc.); and (8) Be otherwise qualified and eligible to receive an award under applicable laws and rules. (b) Obtaining information. Prior to award, the Procurement Officer shall obtain information from the bidder or offeror necessary to make a determination of responsibility using the factors in subsection (a) above. The unreasonable failure of a bidder or offeror to promptly supply information in connection with an inquiry with respect to responsibility may be grounds for determination of non-responsibility with respect to that bidder or offeror. (c) Right of non-disclosure. Information furnished by a bidder or offeror pursuant to subsection (b) may not be disclosed outside of the office of the Procurement Officer, or any other NMHC official involved without prior consent by the bidder or offeror. (d) Non-responsibility determination. When a bid or proposal on which a contract award would otherwise be made is rejected because the prospective contractor is found to be nonresponsible, a written determination shall be signed by the Procurement Officer stating the basis for the determination and this shall be placed in the contract file.~~

~~(d) Once an applicant is approved for the program a scope of work is developed by the A/E firm under contract to NMHC,~~

~~(e) NMHC provides a list of approved contractors along with the approved scope of work to the Homeowner.~~

~~(f) The homeowner provides the scope of work to at least three contractors for bid. If the homeowner wishes to use a contractor not on the NMHC list, that contractor's name must be submitted to MNHC for vetting and approval before they can be allowed to bid,~~

(g) The homeowner selects the contractor with whom they wish to work.

(h) The final selection of a contractor is submitted to NMHC for approval.

i. The final bid selected need not be the lowest bid as long as it is within 10% of the independent cost estimate.

ii. If the selected contractor exceeds 10% of the independent cost estimate and the homeowner insists on using that contractor then the homeowner must provide funding in advance of contract signing to cover any costs in excess of 10% of the independent cost estimate.

iii. Homeowners who are unable or unwilling to provide the excess funding needed have the option to either utilize a contractor with a lower bid or withdraw from the program.

iv. The contract is between the contractor and the homeowner.

§ 100-100.4-375 Pre-Construction Conference

(a) The pre-construction conference shall be held after NMHC's receipt of the PTR and the same has been determined to have met NMHC's requirement as indicated in § 100-100.4-370. The responsible program specialist shall inform the homeowner(s) and their contractor, and their private inspector (if applicable), in written form of the scheduled pre-construction conference. The notice shall include the date, time, and location of the conference. The conference shall be conducted by the responsible grant specialist and shall include the homeowner(s), their contractor, and their private inspector (if applicable).

(b) The homeowner(s) and their contractor, and if applicable, their private inspector, are to be provided with information such as their rights and responsibilities before, during, and after the rehabilitation period of their home.

§ 100-100.4-380 Submission of Pre-Construction Documents

The NMHC shall notify the contractor of the homeowner(s) selection of his/her/their company and shall likewise instruct the contractor to submit the required construction documents listed below. These documents are to be provided to NMHC within thirty 30 days from the date of notice.

(a) Building permit (if applicable);

(b) Zoning Permit (if applicable);

(c) Earthmoving & erosion control permit (if applicable);

(d) Construction contract;

(e) Performance bond;

~~(f) Plans & specifications approved by DPW;~~

~~(g)~~(a) ~~Private inspector's contract (if applicable).~~

Part 400 - Rehabilitation

§ 100-100.4-401 Performing Rehabilitation Work

(a) NMHC's Architecture and Engineering firm will be responsible for the development of the scope of work and determination of an estimated cost of repairs in advance of procuring bids for construction.

(b) Contractor Cost Estimates. The homeowner(s) shall be responsible in obtaining a minimum of three (3) written rehabilitation cost estimates from at least three (3) NMHC approved contractors, and each cost estimate submitted must include, at a minimum, the following information: bid price, cost breakdown of materials and labor charges, and schedule for completion of work.

(c) Selection of Contractor. The homeowner(s) shall have the right to select a contractor to perform the rehabilitation work, provided that the contractor's quotation and after rehab value does not exceed the independent cost estimate provided by the A/E firm plus or minus 10%. The contractor must be an NMHC-approved contractor or if not an approved contractor, then NMHC must vet the contractor prior to award of the project. Should it exceed the grant amount, the homeowner shall negotiate with the contractor in reducing the contract amount. If the contractor is not willing to lower the contract amount, then the borrower shall select his/her/their next choice. Once the homeowner and contractor agree to the project and cost, the homeowner shall submit a contractor selection notice notifying NMHC of his/her/their selection.

(d) Construction Contract. The construction contract is a binding agreement strictly between the homeowner and the contractor whereby the contractor will provide the rehabilitation or repair or reconstruction work for a specified and agreed upon price. As NMHC's role is to finance the construction of the project, it is not a party to the construction contract. However, NMHC will monitor the construction process and, at any time the contractual provisions are not followed, NMHC shall meet with the homeowner and contractor to discuss the dispute and come to a mutual agreement. The construction contract shall include, but is not limited to, the following provisions:

(1) Contractor's name and mailing address;
(2) Homeowner(s) name and mailing address;
(3) Date of the contract, the contract amount, and payment schedule for each incremental billing;
(4) Calendar days to complete the work (includes Saturdays, Sundays, and holidays);

(5) Contractor will provide the performance bond, labor and material payment bond up to the contract amount, as well as a builder's risk policy for the project;

(6) The contractor will provide all the construction plans and permits necessary to comply with applicable local and federal laws;

(7) Issuance of the notice to proceed or the commencement of the project and that the rehab must start within 12 months of NMHC executing the commitment letter with the borrower;

(8) Contractor will provide a one-year warranty on all work completed;

(9) NMHC's right to inspect the progress of the project and right to withhold progress payments;

(10) Change order procedures, if any;

(11) A provision for liquidated damages must be included in the construction contract which shall be negotiated between the homeowner and contractor; and

(12) Description of the work to be performed so that inspections can be conducted and, for rehabilitation, so that housing will meet NMHC's rehabilitation standards.

(e) Contractor Notification and Pre-Construction Requirements. Once NMHC is in receipt of the homeowner's contractor selection notice, NMHC shall notify the contractor of the homeowner's selection of their company. NMHC shall inform the contractor of the scheduled pre-construction conference and shall likewise inform the contractor of the required construction documents for submission as listed below.

(1) Building permit (if applicable);
(2) Zoning permit (if applicable);
(3) Earthmoving and erosion control permit (if applicable);
(4) Construction contract;
(5) Performance and payment bonds;
(6) Plans and specification approved by DPW;
(7) Private inspector's contract (if applicable).

(f) Project Duration –Rehabilitation projects should be completed within ~~nine~~ twelve (~~9~~12) months following execution of ~~a~~the CDBG-DR ~~Grant~~ Written Agreement. Reconstruction projects should be completed within twelve (12) months following execution of ~~a Grant~~ the CDBG-DR Written Agreement. Contract extensions may be granted in extenuating circumstances upon approval of NMHC.

(1) Progress payment requests shall be submitted to NMHC by the contractor incrementally as specified in the payment schedule. NMHC shall ensure that all work description indicated on the payment schedule is completed prior to releasing the contractor's payment. An original and a copy of the request must be submitted to the NMHC. The contractor shall freely use his/her/their company's billing form when submitting a payment request. The payment request shall be accompanied with the following whenever applicable: inspection reports (DPW and/or private inspector), geotesting results, termite treatment certification and/or warranty, builder's warranty,

and/or homeowner's acceptance of the project. In addition, each billing submitted must include pictures of the progress of the project and a copy of the payment schedule.

(2) Payment schedule shall be as follows:

(i) Payment request number 1 shall not be more than 10% of the contract amount. This shall include the installation of the project sign board accompanied with a picture, the delivery of materials to the construction site and commencement of the project;

(ii) Payment request number 2 shall not be more than 25% of the contract amount;

(iii) Payment request number 3 shall not be more than 25% of the contract amount;

(iv) Payment request number 4 shall not be more than 25% of the contract amount;

(v) Payment request number 5 shall be the 15% retainage request when all work is completed. The final payment request shall be accompanied with the certificate of occupancy from DPW's Building Safety Office, builder's warranty, window warranty if subcontracted, termite treatment warranty, final inspection report from the DPW and if applicable, the private inspector's inspection report, certificate of acceptance from the homeowners, geotesting results if applicable, proof of Green Standards implementation, pictures of the project's interior and exterior, and DEQ certificate of use (sewage disposal system), if applicable and house keys with duplicates.

(3) Change Order Procedures. From time to time, homeowners may request for changes in the plans and specifications. In the event that this should occur, the following steps must be taken to address such request:

(i) Homeowner must notify contractor in written form of the proposed changes and provide NMHC a copy of the notification.

(ii) Upon receipt of the notification, the contractor must cease work at the project site and obtain NMHC's approval of the change order request. A/E firm or HMHC staff will review change order for cost reasonableness. Upon approval the contractor shall then provide NMHC with the revised plans and specifications, including a revised payment schedule (if scheduled payments will be altered by the proposed changes). The contractor must obtain NMHC's approval of the change order request.

(iii) Once the change order request is approved, the grant agreement will be revised to reflect the new amount. The contractor will be required to submit the revised plans and specifications to DPW for approval.

(iv) Should the change order request be denied, then the contractor shall resume work to ensure timely completion of the project. The contractor may not be able to complete the project on time because of the delays the change order request may have caused. Therefore, the homeowners shall give the contractor additional days equal to the time the work was ceased up until the time the change order request was denied to complete the project. The homeowner shall not charge the contractor liquidated damages during this period.

(v) Once the contractor has obtained the DPW's approval of the plans and specifications, then it shall provide the NMHC with the same copy. The contractor shall proceed in carrying out the change order and completing the project.

(vi) Inspections: NMHC shall have the right, during the rehabilitation work or improvement of the unit, to inspect the same and with justification, to reject and to require to be replaced, any material or workmanship that does not comply with the plans and specifications, without any liability on the part of NMHC, as to workmanship or materials therein. Such inspection is solely for financing purposes and for the disbursement of funds, and any inspection or approval of any rehabilitation phase or increments of said dwelling shall not be deemed as a warranty by NMHC of the workmanship and material therein.

(vii) Inspector: Progress and final inspections shall be conducted by the Building Safety Office of the Department of Public Works (DPW) to ensure all work performed is done according to the plans and specifications as approved by the applicant and DPW and applicable property standards. Homeowner(s) may have a private inspector, (i.e., a qualified licensed engineer or a qualified licensed architect), conduct inspection at the homeowner's costs with such inspection to be handled in accordance with § 100-100.4-240.

(viii) Minimum Property Standards (MPS): For new construction of housing and acquisition and/or rehabilitation of housing, CNMI Building Safety Code and zoning laws (if applicable for Tinian and Rota), International Energy Conservation Code, NMHC written design standards for single-family housing new/rehabilitation, and accessibility requirements (where applicable) must be adhered to. Homeowners, through their contractors, must ensure that they are familiar with these requirements. NMHC may rely on inspections performed by a qualified person.

(ix) The contractor will provide all the construction plans and permits necessary to comply with applicable local and federal laws.

Part 500 - Fraud, Waste and Abuse

§ 100-100.4-501 Eligibility Certification

Homeowner certifies that he/she has provided complete, accurate, and current information regarding household income, residency, occupancy, and any other documentation required to demonstrate Homeowner's eligibility to receive CDBG Disaster Recovery funds.

Any activity carried out with CDBG-DR funds involving residential rehabilitation is considered to benefit LMI persons only to the extent such housing will, upon completion, be occupied by such persons.

The Homeowner hereby affirmatively certifies that their material representations which have been relied upon by NMHC as essential to its determination of the eligibility of the Homeowners to receive the grant funds have been truthfully, satisfactorily and adequately provided to NMHC.

The Homeowner agrees and attests to the fact that if any of the representations made are intentionally or willfully false or fraudulent, NMHC may immediately declare the Homeowner in default of this Grant Agreement, allowing for remedies as provided for under this grant agreement and the law.

§ 100-100.4-505 Default

Any one or more of the following events shall constitute an event of default under this grant agreement:

a. Failure to perform any covenant or promise under this Grant Agreement, or making any representation or warranty in this Grant Agreement, or in the application for the grant, or in any report, certificate, financial statement or other instrument furnished in connection with the property, which is false or misleading in any material respect.
b. Seizure or foreclosure of the property or assets of the Homeowner pursuant to process of law or be respect of legal self-help, unless said seizure or foreclosure is stayed or bonded within thirty (30) days after the occurrence of same; or
c. If any other event of default has occurred and remains uncured under any other agreement entered into between NMHC and the Homeowner.

§ 100-100.4-510 Remedies Upon Default

Upon the existence of any event of default, NMHC, after giving notice and reasonable opportunity to cure the default may, in its sole discretion, do any of the following, alone or in combination:

a. Terminate this Grant Agreement;
b. Withhold grant funds not yet paid at the time of default during such time as an event or events of default remain uncured;
c. File an action at law against the Homeowner to obtain a judgment against the Homeowner to recover the full amount of all grant funds paid; or
d. Pursue any other remedies against the Homeowner including any civil and criminal remedies allowed by law.

NMHC'S rights under Default shall survive termination of the Grant Agreement. Failure to insist on the prompt performance by Homeowner of Homeowner obligations pursuant to this Grant Agreement is not a waiver by the NMHC of any of its rights hereunder.

Part 600 - Affordability

§ 100-100.4-601 NMHC Affordability Restrictions

(a) Long Term Affordability: NMHC has elected to impose NMHC affordability requirements that require that assisted properties remain affordable for a specific period of time, depending on the nature of the activity funded:

DR Funds Invested per Unit	Minimum Length of the Affordability Period
Rehabilitation	5 years

Reconstruction	10 years

(1) Affordability Restrictions

(i) The affordability requirements are to be imposed by deed restrictions, covenants running with the land, or other mechanisms approved by HUD, except that the affordability restrictions may terminate upon foreclosure or transfer in lieu of foreclosure or upon grant repayment

(2) Affordability and Special Exceptions

(i) The affordability restrictions shall be revived according to the original terms if, during the original affordability period, the owner of record before the termination event, or any entity that includes the former owner or those whom, the former owner has or had family or business ties, obtains an ownership interest in the project or property. If a home rehabilitated with CDBG-DR assistance is sold during the NMHC affordability period, NMHC recapture provisions apply to ensure the continued provision of affordable homeownership.

(b) Right of First Refusal. During the affordability period, the homeowner(s) agrees not to sell or assign the residence hereby rehabilitated to any persons unless and until homeowner(s) proposes to sell same to NMHC, its successors or assigns on terms consistent with preserving affordability and allows then sixty (60) days' time within which to purchase said residence.

(c) Recapture. NMHC will ensure that it recoups all or a portion of the assistance provided to the homeowner(s) if the housing unit ceases to be the principal residence of the homeowner(s) for the duration of the period of affordability. Subsidy amounts (in the form of grants) that directly benefited the property owner are subject to recapture. Recapture is capped at what is available out of net proceeds for agreements. Net proceeds are defined as the sales price less superior non CDBG-DR debt (if any) less closing costs. NMHC shall utilize the following recapture options:

Reduction during NMHC Affordability Period. NMHC may reduce the grant amount to be recaptured on a pro rata basis for the period the homeowner(s) has/have owned and occupied the housing unit measured against the required NMHC affordability period; however, homebuyer(s) must occupy the housing unit at at least halfway into the affordability period, whichever is greater, in order to qualify for this recapture option. For example, if the CDBG-DR subsidy is $60,000 with 10-year affordability and the owner sells the property in the 8th year of ownership the recapture amount will equal $12,000. ($60,000/10 years affordability period x 2 years remaining = $12,000 recapture.)

(d) ~~Note:~~ When the recapture requirement is triggered due to a voluntary or involuntary sale during the period of affordability and there are no net proceeds or the net proceeds are insufficient to repay the CDBG-DR investment due, NMHC may recapture an amount less than or equal to the net proceeds available.

(e) Legal Instruments to Enforce Recapture. NMHC must use deed restrictions, land covenants, or other similar legal documents approved by HUD to enforce these recapture restrictions as approved by HUD. These requirements will also be included in grant agreements.

Part 700 - Conveyance

§ 100-100.4-701 Sale, Conveyance, or Transfer of Property

(a) Enforcement of the terms of the recapture provisions as set forth in the written agreements/commitment letters is triggered upon the sale, conveyance, or transfer of title of the rehabilitated real property under this program during the NMHC affordability period which may not necessarily result in the repayment of all CDBG-DR assistance. Upon sale of the home and enforcement of the recapture provisions, the affordability period will terminate.

(b) At the sole discretion of NMHC, a title transfer will only be permitted through the laws of descent ~~o~~ or upon selling the property, provided that NMHC has been properly informed and the same has consented to such sale. If should any of these occur, one must submit his/her intention to sell the property and request for the NMHC Board's approval for the transfer of title. If the title changes hand through the laws of descent during the affordability period, the affordability period may not terminate and continue with the new homeowner if the new homeowner satisfies the eligibility requirements. The new homeowner may assume the affordability period if the new homeowner meets the eligibility requirements. If the title changes hand through the laws of decent during the NMHC affordability period and the new homeowner does not meet the eligibility requirements, NMHC will enforce the terms of recapture set forth in the commitment letter and enforced with recorded deed restrictions or land covenants. Upon enforcement of the recapture provisions, the NMHC affordability period will terminate.

Part 800 - Assumption

§ 100-100.4-801 Grant Assumption

(a) Death of a Borrower—Immediately upon notification to NMHC of a borrower's death, the surviving borrower or a family member of the borrower(s) shall complete a deceased borrower's report and/or submit a copy of the death certificate.
  (1) In situations where there exists a surviving co-applicant, that applicant may stay in the home for the duration of the grant affordability period.
  (2) If both borrowers are deceased, NMHC may allow for a qualified heir to occupy the home upon probate court decree which shall be provided to NMHC~~)~~.
    (i) This assumption exception is permitted where transfer of title is through the laws of descent provided that the heir is of legal age, meets all program eligibility requirements and has a full, undivided interest in the real property. The heir will be

required to fill out an application and execute a grant agreement update and will be subject to a can income verification.

(ii) The heir or heirs of the deceased will be responsible in maintaining the property as they await the probate decree. Once they are in receipt of the decree, they must submit it to NMHC so that NMHC will prepare an amendment to the grant agreement.

Part 1000 Ethics

§ 100-100.4-1001 Conflict of Interest

(a) Under no circumstances shall any immediate family members (whether by blood, marriage or adoption) the spouse, parent (including a stepparent), child (including a stepchild); brother, sister (including a stepbrother or stepsister), grandparent, grandchild, and in-laws of a covered person, elected or appointed officials of the CNMI government, NMHC's Board of Directors, its officers, agents, and employees may participate in any CDBG-DR assisted projects or units including the procurement of materials, or have an interest in any contracted services, or be a beneficiary in any proceeds. Other provisions in 24 C.F.R. § 92.356 shall apply. Conflict of interest applies to covered persons who exercise or have exercised any functions or responsibilities with respect to activities assisted with CDBG-DR funds or who are in a position to participate in a decision-making process or gain inside information with regard to these activities. Covered persons may not obtain a financial interest or financial benefit from a CDBG-DR activity, or have a financial interest in any contract, subcontract, or agreement with respect to the CDBG-DR assisted activity, or the proceeds from such activity, either for themselves or those with whom they have business or immediate family ties, during their tenure or for one year thereafter.

(b) Exceptions: Threshold requirements. Upon the written request of the participating jurisdiction, HUD may grant an exception to the provisions above on a case-by-case basis when it determines that the exception will serve to further the purposes of the CDBG-DR Program and the effective and efficient administration of the participating jurisdiction's program or project. An exception may be considered only after the participating jurisdiction has provided the following:

(1) A disclosure of the nature of the conflict, accompanied by an assurance that there has been public disclosure of the conflict and a description of how the public disclosure was made; and

(2) An opinion of the participating jurisdiction's or state recipient's attorney that the interest for which the exception is sought would not violate state or local law.

(c) Factors to be considered for exceptions. In determining whether to grant a requested exception after the participating jurisdiction has satisfactorily met the requirements mentioned above, HUD will consider the cumulative effects of the following factors, where applicable:

(1) Whether the exception would provide a significant cost benefit or an essential degree of expertise to the program or project which would otherwise not be available;
(2) Whether the person affected is a member of a group or class of low-income persons intended to be the beneficiaries of the assisted activity, and the exception will permit such person to receive generally the same interests or benefits as are being made available or provided to the group or class;
(3) Whether the affected person has withdrawn from his or her functions or responsibilities, or the decision-making process with respect to the specific assisted activity in question;
(4) Whether the interest or benefit was present before the affected person was in a position as described in paragraph (c) of this section;
(5) Whether undue hardship will result either to the participating jurisdiction or the person affected when weighed against the public interest served by avoiding the prohibited conflict; and
(6) Any other relevant considerations.

Part 1100 - Miscellaneous

§ 100-100.4-1101 Acronyms Reference Section

[For Rehab and Reconstruction Program Policies and Procedures]

(a) AIA—American Institute of Architects

(b) AMI—Area Median Income

(c) CD—Corporate Director

(d) CDBG-DR – Community Development Block Grant Disaster Recovery

(e) CFR—Code of Federal Regulations

(f) CNMI—Commonwealth of the Northern Mariana Islands

(g) CPSC—Consumer Product Safety Commission

(h) DCD—Deputy Corporate Director

(i) DEQ—Department of Environmental Quality

(j) DPW—Department of Public Works

~~(k) DTI—Debt-to-Income Ratio~~

~~(l)~~(k) EA—Environmental Assessment

~~(m)~~(l) GFE—Good Faith Estimate

~~(n)~~(m) HOME Program—U.S. HUD Homeownership Investment Partnerships Program

~~(o)~~(n) LEP—Limited English Proficiency

~~(p)~~(o) LMI—Low Moderate Income

~~(q) MCD—Mortgage Credit Division~~

~~(r)~~(p) MBE—Minority-Owned Business Enterprise

~~(s) MPS—Minimum Property Standards~~

~~(t) MPV—Maximum Property Value~~

~~(u)~~(q) NAHA—National Affordable Housing Act

~~(v)~~(r) NEPA—National Environmental Policy Act

~~(w)~~(s) NMHC—Northern Marianas Housing Corporation

~~(x)~~(t) NTP—Notice to Proceed

~~(y)~~(u) PII—Personally Identifiable Information

~~(z)~~(v) PITI—Principal, Interest, Taxes, and Insurance

~~(aa)~~(w)PJ—Participating Jurisdiction

~~(bb)~~(x) PTI—Payment-to-Income Ratio

~~(cc)~~(y) PTR—Preliminary Title Report

~~(dd)~~(z) RER—Rehab Environmental Review

~~(ee)~~(aa) RESPA—Real Estate Settlement Procedures Act

~~(ff)~~(bb)SCRA—Service Members Civil Relief Act

~~(gg)~~(cc) SSI—Supplemental Security Income [Social Security]

~~(hh)~~(dd) TCD—Time Certificates of Deposits

~~(ii)~~(ee) TILA—Truth in Lending Act

~~(jj)~~(ff) U.S. HUD—United States Department of Housing and Urban Development

~~(kk)~~(gg) USDA RD—United States Department of Agriculture Rural Development

~~(ll)~~(hh) USPAP—Uniform Standard of Professional Appraisal Practice

~~(mm)~~(ii) VOE—Verification of Employment

~~(nn)~~(jj) WMBE—Women-owned or minority-owned business enterprise

Definitions:

Adjusted Gross Income (AGI): AGI is an individual's total gross income minus specific deductions. Adjusted income is derived by subtracting any of the five allowed deductions that apply to household from the household's annual (gross) income. For elderly or disabled households, deductions for the type of household, dependent childcare, medical and disability assistance expenses are allowed; family households may deduct dependent, childcare and disability assistance expenses.

Area Median Income (AMI): Calculated annual limits based on HUD-estimated median family income with adjustments based on family size used for demonstrating LMI beneficiaries in the program. May also be referred to as Area Median Family Income (AMFI) in other program documents.

Beneficiary: An individual, person, family or household receiving advantage or assistance from the CDBG-DR funding.

Builder/Contractor: (Used interchangeably) A person who contracts to reconstruct or repair houses and or supervise building operations.

Case Management: The collaborative process of providing services that include assessment, planning, facilitation, coordination and advocacy for reconstruction or rehabilitation to individual homeowner applicants to ensure they fully understand the Program's housing solutions, resulting in clear and transparent determination of eligibility, reconstruction or rehabilitation options, assistance award amounts, the construction management process, documentation and ongoing compliance requirements. Case Managers will work to decrease barriers for homeowners to participate in the program wherever possible. Case Workers will explain the Program's solutions and provide information on the Reconstruction/Rehabilitation process in standardize formats.

Common Area Under Roof: The total area under the common roof is primarily interior, conditioned spaces and, for single-story homes is equal to the footprint of the house. The term is also synonymous with the eligible area. Exterior spaces such as detached porches and garages are considered *ineligible* areas.

Damage Assessment: A report resulting in a physical inspection of the housing unit to document damage from the event. The assessment must be conducted by a certified or licensed inspector and is required to specifically and clearly document storm-related property damage via photographic evidence and detailed narratives. Damage assessments must include a final estimated cost of repairs according to local code, an assessment of cost-effectiveness of each recommended activity (reconstruction or rehabilitation), mold remediation and the total amount of assistance needed to bring the home up to code at completion.

Demolition: The clearance and proper disposal of dilapidated building and improvement materials.

Duplication of Benefits: The amount determined by the Program that would represent financial assistance covering costs that have been received from another source for the same need. The Robert T. Stafford Disaster Assistance and Emergency Relief Act (Stafford Act) prohibits any person, business concern, or other entity from receiving financial assistance from CDBG-DR funding with respect to any part of a loss resulting from a major disaster as to which he/she has already received financial assistance under any other program or from insurance or any other source for the same need. A Duplication of Benefit amount determined by the Program would result in the reduction of an award amount.

Environmental Review: All qualified projects must undergo an environmental review process. This process ensures that the activities comply with National Environmental Policy Act (NEPA) and other applicable federal and territorial laws. 24 CFR Part 58 Environmental Review Procedures for Entities Assuming HUD Environmental Responsibilities as well as Related Federal Laws and Authorities Listings under 24 CFR 50.4 and 58.6 will be followed.

Estimated Cost of Repair (ECR): The report resulting from a damage assessment detailing the estimated project costs necessary to repair /or reconstruct the home to the minimum housing rehabilitation for mitigation and elevation efforts to reduce the impact of future storms.

Federal Emergency Management Agency (FEMA): The agency of the United States Department of Homeland Security standards, and costs with the primary purpose of coordinating the response to a disaster that has occurred within the United States and that overwhelms the resources of local authorities.

FEMA-Designated High-Risk Area: Areas designated by FEMA as vulnerable to significant wind and/or storm surge damage and areas located in the 100-year flood zones. These areas will be identified during the environmental review process for each participating jurisdiction.

Flood Hazard Area: The land area covered by the floodwaters of the base flood is the Special Flood Hazard Area (SFHA) on NFIP maps. The SFHA is the area where the National Flood Insurance Program's (NFIP's) floodplain management regulations must be enforced and the area where the mandatory purchase of flood insurance applies. The SFHA includes Zones A, AO, AH, A1-30, AE, A99, AR, AR/A1-30, AR/AE, AR/AO, AR/AH, AR/A, VO, V1-30, VE, and V.

Flood Insurance: The Flood Disaster Protection Act of 1973 (42 U.S.C. 4012a) requires that projects receiving federal assistance and located in an area identified by FEMA as being within a Special Flood Hazard Areas (SFHA) be covered by flood insurance under the National Flood Insurance Program (NFIP). For property owners to be able to purchase flood insurance, the community must be participating in the NFIP. If the community is not participating in the NFIP, federal assistance cannot be used in those areas.

Floodplain: FEMA designates floodplains as geographic zones subject to varying levels of flood risk. Each zone reflects the severity or type of potential flooding in the area.

"'100-year floodplain" - the geographical area defined by FEMA as having one percent chance of being inundated by a flooding event in any given year.

"500-year floodplain" - the geographical area defined by FEMA as having a 0.2 percent change of being inundated by a flooding event in any given year.

Household: A household is defined as all persons occupying the same housing unit, regardless of their relationship to each other. The occupants could consist of a single family (including a family that consists of a single individual), two or more families living together, or any other group of related or unrelated persons who share living arrangements. For housing activities, the test of meeting the LMI National Objective is based on the combined income of the household.

Individual Mitigation Measures (IMM): Activities designed to mitigate and/or reduce risk beyond the pre-disaster condition of a housing unit when the activities are above and beyond federal, state, or local units, and the payment of flood insurance are not IMM activities. Examples of IMM activities include elevation above the base flood elevation level, or the addition of storm shutters, disaster proof windows, roof straps, etc. as long as those improvements are not required to comply with local code requirements and did not exist on the housing unit prior to the disaster damage.

Low- to Moderate-Income (LMI) National Objective: Activities which benefit households whose total annual gross income does not exceed 80% of Area Median Income (AMI), adjusted for family size. Income eligibility will be determined and verified in accordance with 24 CFR Part 5 requirements using procedures as stated in the Technical Guide for Determining Income and Allowances, 3rd Edition (HUD-1780-CPD). The most current income limits, published annually by HUD, shall be used to verify the income eligibility of each household applying for assistance at the time assistance is provided.

Major or Severe Damages: $8,000 or more of FEMA inspected real property damage or 1 foot or more of flood water on the first floor. Inspection documentation must be maintained in the project file (a copy of the FEMA inspection, or photographic evidence of the flood water damage).

Manufactured Housing Unit (MHU): A structure, transportable in one or more sections which in the traveling mode is 8 body-feet or more in width, and 40 body-feet or more in length, or when erected on site, is at least 320 square feet, and which is built on a permanent chassis designed to be used as a dwelling with or without a permanent foundation when connected to the required utilities, and includes the plumbing, heating, air-conditioning, and electrical systems contained therein.

Minimum Housing Standards: Assisted properties will meet the following standards upon project completion: each living unit will be used and maintained individually, having access such that it is unnecessary to pass through any other living unit, will include utilities and a water supply and will meet the CNMI building codes in place at the time of assistance. Fixtures and finishes will be of "standard" and not "luxury" quality.

Mitigation: Improvements made to a property specifically to reduce the possibility of future property damage, personal and commercial hardship, as well as long lasting monetary burden. For example, creating a flood mitigation program such as an acquisition of at-risk flood-prone property/housing, and elevation of housing in high-risk floodplains are too visible and effective mitigation projects that can be taken to make residents and communities safe in the face of natural disasters.

Modular Home: A home built-in sections in a factory to meet state, local, or regional building codes. Once assembled, the modular unit becomes permanently fixed to one site.

National Flood Insurance Program (NFIP): The National Flood Insurance Program aims to reduce the impact of flooding on private and public structures by providing affordable insurance to property owners, renters and businesses and by encouraging communities to adopt and enforce floodplain management regulations.

New Construction: The site preparation for, and the construction of, an entirely new residential structure in a location that did not previously contain a residential structure.

Reconstruction: Demolition and rebuilding of a residential structure, including a modular housing unit, on the same lot and in substantially the same footprint and manner as the previous housing unit (whether demolished with CDBG-DR assistance, or demolished prior to Program application). This activity also includes replacing an existing substandard site-built, modular housing, or manufactured housing unit (MHU). The number of units may not be increased, and the total square footage of the reconstructed structure may not be substantially increased beyond the original principal residence square footage. However, the number of rooms within a unit may be increased or decreased based on the applicant's current household size.

Rehabilitation: Repair or restoration of a storm-damaged housing unit to applicable CNMI building and construction codes, and minimum property standards for a residential dwelling.

Single Family Home: A single unit containing any group of rooms located within a dwelling and forming a single habitable unit with facilities which are used or intended to be used for living, sleeping and cooking. A single-family home may be detached or attached to another single unit.

Subrogation Agreement: An agreement executed by the homeowner beneficiary agreeing to repay any duplicative assistance if the homeowner beneficiary later receives other disaster assistance for the same purpose as disaster recovery funds already received.

Substantial Damage: Storm damage sustained by a structure whereby the cost of restoring the structure to its pre-storm damaged condition would equal or exceed 50 percent of the market value of the structure before the damage occurred (44 CFR 59.1). Substantial damage includes properties that were fully destroyed by the storm events. A substantially damaged determination may be made by a Commonwealth government official or floodplain manager, or the determination may be made by the CDBG-DR Program based on the Estimated Cost to Repair.

Uniform Relocation Assistance and Real Property Acquisitions Policies Act of 1970, as amended (Title 49 CFR Part 24) (42 U.S.C. 4601 et seq.) (URA): URA applies to all acquisitions of real property or displacements of persons resulting from federal or federally assisted program projects. The objective of the URA is to provide uniform, fair, and equitable treatment of persons whose real property is acquired or who are displaced in connection with federally funded projects. For the purposes of these guidelines, URA mostly applies to involuntary displacements from residential units (49 CFR Subpart B) and acquisition or multifamily damaged/occupied activities that require the relocation of tenants.

Since participation in the Homeowner Reconstruction and Rehabilitation Program is voluntary, permanent relocation compensation is not available to the property owners.

However, NMHC must assure that the Uniform Relocation Act requirements will be followed and that both displaced occupants and any current occupants if any of the project are identified. These occupants are entitled to advisory services, in the form of notices and counseling, moving and/or storage expenses, and coverage of all displacement costs for temporary or permanent relocation pursuant to formula and applicable Federal Register notices. The program will monitor displaced and current tenants and maintain records from the inception of the project. Failure to do so can lead to unexpected and substantial costs and work delay.

Demonstrable Hardship - A demonstrable hardship is a substantial change in an applicant's financial situation that will prohibit or severely affect their ability to provide a minimal standard of living or the basic necessities of life including food, housing, clothing and transportation without causing economic distress well beyond mere inconvenience as shown by objective evidence. A demonstrable hardship must be occurring after the named storms. The demonstrable hardship must be of a severe, involuntary and unexpected nature. It must not be one that is generally shared by

other applicants affected by the named storms. Examples of demonstrable hardships may include job loss, failure of a business, divorce, severe medical illness, injury, death of a family member or spouse, unexpected and extraordinary medical bills, disability, substantial income reduction, unusual and excessive amount of debt due to a natural disaster, etc. None of the listed examples above, individually or taken together, automatically establish a demonstrable hardship nor is the listing above exhaustive as there may be other factors relevant to the issue of demonstrable hardship in a particular case. If an applicant believes that they are in the state of demonstrable hardship and that the demonstrable hardship causes them to not comply with any of the program policies, they may present their existence of a demonstrable hardship to their case worker (housing or grant specialist) and the Program will evaluate on a case-by-case basis after review of all of the circumstances. Applicants claiming a Demonstrable Hardship shall be required to provide evidence of such claimed Demonstrable Hardship to the case worker.

Not Suitable for Rehabilitation – properties where the cost of rehabilitation exceeds the after-rehab appraisal and there is not a compelling historical or community justification to save the property.

Urgent Need National Objective: An activity that addresses an urgent need, defined as a situation where existing conditions pose serious and immediate threat to the health or welfare of the community and are recent or recently became urgent. The Territory, along with any and all subrecipient (s), must document no funds are available and costs cannot be financed for the activities. The CDBG certification requirements set forth in 24 CFR 570.208(c) and 570.489(d) have been waived per 83 FR 5844. The Territory and the subrecipients must document how each activity, program. and/or project funded under this National Objective category responds to a disaster-related impact. (See 24 CFR 570.208(c) and applicable Federal Register Notices which are 83 FR 5844 and 83 FR 40314.)

§ 100-100.4-1105 Homeowner Rehabilitation

Records Management

NMHC will comply with 24 CFR Part 5.2, Compliance with the Privacy Act, which requires the safeguarding of personally identifiable information (PII) by:

- Minimizing the use of PII on program documents and records.
- Providing access to PII only to those who require it for official business.
- Securing PII appropriately for paper or electronic forms.
- Training for data security and compliance with the Privacy Act will be provided to all employees and contractors (if applicable) as part of their on boarding process.

In accordance with HUD regulations, as a grantee and recipient of CDBG-DR funds, NMHC follows the records retention as cited in 2 CFR Part 200.333-337, which includes financial records,

supporting documents, statistical records and all other pertinent records are maintained for five (5) years after closeout of the grant between HUD and NMHC.

APPENDIX A.1: Crosscutting Requirements

1.1 Crosscutting Requirements

1.2 Fair Housing

The Fair Housing Act requires all grantees, subrecipients, and/or developers funded in whole or in part with HUD financial assistance to certify that no person was excluded from participation in, denied the benefit of, or subjected to discrimination in any housing program or activity because of their age, race, color, creed, religion, familial status, national origin, sexual orientation, military status, sex, disability or marital status. The Program complies with and enforces the Civil Rights requirements of Title I of the Housing and Community Development Act (HCDA) and the Fair Housing Law.

Projects must also assess how planning decisions may affect members of protected classes, racially and ethnically concentrated areas, as well as concentrated areas of poverty; will promote the availability of affordable housing in low-poverty, non-minority areas where appropriate; and will respond to natural hazard-related impacts. Program staff will use demographic, geographic, and social vulnerability analyses to determine any positive or negative impacts to protected classes. Should a project present negative impacts, project scope or design will be re-assessed to mitigate such impacts.

1.3 Environmental Review

Early environmental coordination must be completed to ensure effective implementation of all CDBG-DR Programs. CDBG-DR funding is contingent upon compliance with both local and federal environmental regulations. This includes compliance with NEPA and related environmental and historic preservation legislation and executive orders. In general, NMHC serves as the lead agency for purposes of NEPA.

HUD's Environmental Review process allows grantees to serve as the "Responsible Entity" to assume environmental review responsibilities under NEPA. As the grantee, NMHC serves as the Responsible Entity (through authorization from the Governor) as it relates to environmental review responsibilities under NEPA. Within NMHC, Environmental Review Staff will be responsible for performing environmental reviews and compiling the Environmental Review Records (ERR). Reviews are conducted either directly or using qualified environmental service contractors. NMHC 's Corporate Director, as the Certifying Officer, is ultimately responsible with certifying that NMHC's environmental reviews follow NEPA and HUD environmental regulations.

Federal Register Notice FR-6182-N-01 authorizes recipients of CDBG-DR funds under the Appropriations Act to adopt any environmental review, approval, or permit performed by a Federal agency for the same project to satisfy responsibilities with respect to environmental review, approval, or permit. The other agency's environmental review must cover all project

activities funded by the HUD recipient for each project. NMHC will notify HUD in writing of its decision to adopt another agency's environmental review. NMHC will also retain a copy of the review in its environmental records. Further information concerning the specific HUD requirements for the adoption of other Federal agency environmental reviews can be found in the HUD Memorandum dated March 4, 2013, *Adoption of FEMA and Other Federal Environmental Reviews Processing for Hurricane Sandy Supplemental Appropriation (H.R. 152) Activities.* Additional information on the environmental review process in general is set forth in Section § 100-100.4-335, Environmental Review Procedures for Entities Assuming HUD Environmental Responsibilities (24 C.F.R. Part 58).

1.4 Labor Standards

The Davis-Bacon and Related Acts (DBRA) applies to all federally-funded or assisted construction contracts in excess of $2,000. This may apply to projects that are fully or partially funded with CDBG-DR, including FEMA or FHWA match programs. In matched projects, only the scope of the CDBG-DR portion of the project are subject to crosscutting requirements DBRA requires all workers employed by contractors or subcontractors on CDBG-DR programs, be paid wages at rates not less than those prevailing on similar construction in the locality as determined by the Secretary of Labor in accordance with DBRA, as amended. DBRA also requires that workers on federally-assisted projects are paid not less than weekly.

Wage information for labor under CDBG-DR programs will be tracked in detail by both NMHC and relevant Implementing Partners and subrecipients throughout the life of the Program. Compliance for this requirement may be tracked in the following ways:

1. Additional NMHC Program staff hired to track wages and verify contractor and agency compliance
2. External contractor hired by NMHC to track DBRA compliance
3. Enhanced TA provided to Implementing Partners to track DBRA compliance

Davis Bacon applies to the rehabilitation of residential property only if the property contains eight (8) or more units under common ownership, on same or contiguous lots, or with common financing. Residential property that contains seven (7) or fewer units is exempt. Although the statute refers to the rehabilitation of residential property, this exemption has been interpreted to include the new construction of residential property containing seven (7) or fewer units. Typically, single-family homeowner properties are excluded under this exemption.~~Procedures for this process are currently under development and will be incorporated in a future update to this document.~~

For prime contracts in excess of $100,000, contractors and subcontractors must also, under the provisions of the Contract Work Hours and Safety Standards Act, as amended, pay laborers and mechanics, including guards and watchmen, at least one and one-half times their regular pay for all hours worked over 40 in a work week. Additionally, NMHC must follow the reporting requirements per HUD and U.S. Department of Labor (DOL) regulations. This requirement also extends to NMHC subrecipients, Implementing Partners, and contractors.

The Fair Labor Standards Act of 1938 (FLSA), as amended, establishes the basic minimum wage

levels for all work and requires the payment of overtime at the rate of at least one and one-half times the basic hourly rate of pay for hours worked in excess of 40 per week. These labor standards are applicable to the entire construction contract whether or not CDBG-DR funds finance only a portion of the project.

1.5 Limited English Proficiency

Federal Executive Order 13166 requires NMHC and all satellite offices, programs, subrecipients, contractors, subcontractors, and/or developers funded whole or in part with CDBG-DR financial assistance to ensure fair and meaningful access to programs and services for families and individuals with Limited English Proficiency (LEP) and/or deaf/hard of hearing. Compliance with this requirement is detailed in NMHC's Language Action Plan (LAP) and will be coordinated and tracked by the Monitoring and Compliance division at NMHC. Depending on the program, NMHC, Implementing Partners, sub-recipients, and subcontractors will share the following expectations to comply with this Executive Order:

1. Document Translation: All documents defined as "vital documents" will be translated into Chamorro or Carolinian by NMHC, Implementing Partners, and sub-recipients. A "vital document" is defined as a document that includes information regarding eligibility requirements, applications and instructions, program eligibility determinations, and appeals procedures. NMHC may aid ensure this requirement is met.
2. Where required, seek feedback from the community the project serves (advocacy groups serve vital role).

Language maps provided in the Language Action Plan will be used to determine the project's location and subsequent language context and if proactive LEP outreach will be required. These maps will be included as part of the Project Assessment Form used by NMHC to review the eligibility, priority level, and impacts of a potential project.

1.6 Minority and/or Women-Owned Business Enterprises

The Federal Executive Order 12432 guidelines require selected federal agencies to promote and increase the utilization of Minority-Owned and Women-Owned Business Enterprises (M/ WBEs). Following procurement guidelines under 2 CFR 200.321, NMHC must make efforts to ensure that all subrecipients, contractors, subcontractors, and/or developers funded in whole or in part with HUD CDBG-DR financial assistance encourage participation in contracts and other economic opportunities by small and minority firms, women-owned business enterprises (WBEs), and labor surplus area firms whenever possible. NMHC will accept a MWBE certification from another state, local or regional, DPW, SBA HUB Zone, SBA 8-A certification (economically disadvantaged and 51% locally-owned), and other eligible certification processes. Documentation and goals regarding M/WBE percentages and reporting will be determined in the contracting agreements.

1.7 Section 3 Economic Opportunities

Section 3 is triggered when the award of CDBG-DR funds for new construction and rehabilitation

projects creates the need for new employment, contracting, or training opportunities, and the project or contract exceeds $200,000.

Section 3 of the Housing and Urban Development Act of 1968 is to "ensure that employment and other economic opportunities generated by certain U.S. Department of Housing and Urban Development (HUD) financial assistance for housing and community development programs shall, to the greatest extent feasible, be directed to low and very low income individuals, especially recipients of government assistance for housing and to businesses which provide economic opportunities to low and very low income individuals."

The Section 3 program requires that recipients of HUD CDBG-DR funds, to the greatest extent feasible, provide (a) employment and training, and (b) contracting opportunities for low- or very-low-income residents in connection with construction projects in their neighborhoods.

It also specifically encourages economic opportunities for households who are recipients of government assistance for housing. NMHC and all administering entities will follow and require relevant contractors to follow Section 3 requirements in contracting.

Section 3 applies to the CNMI, as recipient of HUD funding, as well as to subrecipients or Implementing Partners/Sub-recipients receiving HUD funding exceeding $200,000. Whenever any portion of HUD funding is invested into projects involving housing construction, demolition or rehabilitation, commercial/private improvements for economic development, or other public construction (e.g., roads, sewers, community centers, and public facilities), the requirements of Section 3 apply.

In conjunction with construction activity, Section 3 applies to projects that are fully or partially funded with CDBG-DR assistance, including projects that are financed in conjunction with territory, local, or private matching or leveraged funds, provided that the Section 3 monetary threshold requirements are met. In particular:

- In conjunction with construction activities, Section 3 applies to contractors or subcontractors if the total project or contract amount is $200,000 or more. Once it is determined that Section 3 applies to a project, the requirements apply to all contracts for construction work arising in connection with that project including those not funded with CDBG-DR assistance. Contractors or subcontractors are required to comply with the Section 3 regulations in the same manner as the Commonwealth; and
- "Section 3-covered contract" includes professional service contracts, provided that the work to be performed is generated by the expenditure of funds in furtherance of Section 3 covered work (e.g., housing construction, housing rehabilitation, and other public construction), arising relating to construction projects. Professional service contracts that may constitute Section 3-covered contracts include construction contract oversight, engineering, architectural, environmental and property evaluation, construction progress and draw inspections, and prevailing wage labor compliance. Contracts with contractors that require advance degrees are not required to report labor hours.

The regulations pertain all covered projects and include the following reporting requirements:

- All project labor hours
- All Section 3 worker labor hours
- All Targeted Section 3 labor hours

HUD as established the following benchmarks for all covered contracts:

- Section 3 workers – 25% of total labor hours
- Targeted Section 3 workers – 5% of total labor hours

When NMHC awards CDBG-DR funds to other governmental departments, nonprofit organizations, subrecipients or other funded entities, NMHC will require they document how reasonable attempts were made to reach numerical goals set forth at 24 CFR Part 135.30. NMHC will inform its Implementing Partners and other funded entities of the requirements of Section 3, including the language required to be inserted into all construction-related contracts, assist them and their contractors with achieving compliance, and monitor their performance with respect to the Section 3 objectives and requirements.

Implementing Partners/Sub-recipients will receive training on this requirement and methods of compliance, technical assistance from Program staff, and continual monitoring from NMHC. Currently, a Section 3 Plan is under development, the details of which will be included in an update to this manual.

1.8 System for Award Management (SAMs)

SAM is the federal System for Award Management and is a requirement for doing business with the U.S. government. All vendors are required to register in SAM in order to be awarded contracts under the CDBG-DR program. Vendors are required to complete a one-time registration to provide basic information relevant to procurement and financial transactions. Vendors must update or renew their registration annually to maintain an active status.

1.9 Uniform Relocation and Real Property Acquisition Act (49 CFR 24)

The Uniform Relocation Assistance and Real Property Acquisition Act (URA), is a federal law that establishes minimum standards for federally funded programs and projects that require the acquisition of real property (real estate) or displace persons from their homes, businesses, or farms. The URA's protections and assistance apply to the acquisition, rehabilitation, or demolition of real property for federal or federally funded projects. The phrase "program or project" is defined in 49 CFR Part 24 as, "any activity or series of activities undertaken by a federal agency or with federal financial assistance received or anticipated in any phase of an undertaking in accordance with the federal funding agency guidelines."

The objectives of the URA are:

- To provide uniform, fair and equitable treatment of persons whose real property is acquired or who are displaced in connection with federally funded projects;

- To ensure relocation assistance is provided to displaced persons to lessen the emotional and financial impact of displacement;
- To ensure that no individual or family is displaced unless decent, safe, and sanitary (DSS) housing is available within the displaced person's financial means;
- To help improve the housing conditions of displaced persons living in substandard housing; and,
- To encourage and expedite acquisition by agreement and without coercion.

49 CFR 24.101(c)(1) provides that the subpart B requirements also apply to the acquisition of permanent and/or temporary easements necessary for the project. However, 49 CFR 24.101(c)(2) provides an exception for the acquisition of temporary easements which exclusively benefit the property owner.

1.10 Voluntary (Optional) Relocation Assistance

NMNC intends to provide voluntary relocation assistance to homeowners who must vacate their homes while repairs or reconstruction occur. Refer to the RARAP policy for details on how this program will be implemented and administered.

APPENDIX A.2: Construction Standards

NMHC's CDBG-DR Written Rehabilitation Standards shall detail the methods, materials, and requirements that the housing must meet upon completion of rehab, including all of the following:

(1) **Exigent Health and Safety (EHS).** Identifying all life-threatening deficiencies[1] that present a direct threat to life or well-being, e.g., that are likely to cause severe injury or reduction in physical or mental ability. These EHS life-threatening deficiencies include: locked emergency/fire exit egress, missing/broken electrical cover plates/switches/outlets, inoperable smoke detectors, and exposed wires/missing covers. See Attachment B.

(2) **Major Systems.** Requiring that, upon project completion, each major system, as defined by federal regulation, had a remaining useful life of 5 years, or for a longer period as specified by NMHC, or the major system was rehabilitated or replaced as part of the rehabilitation. Major systems are: structural support; roofing; cladding and weatherproofing (e.g., windows, doors, siding, gutters); plumbing; electrical; and heating, ventilation, and air conditioning. For rental housing, the participating jurisdiction's standards must require the participating jurisdiction to estimate (based on age and condition) the remaining useful life of these systems, upon project completion of each major systems. For multifamily housing projects of 26 units or more, the participating jurisdiction's standards must require the participating jurisdiction to determine the useful life of major systems through a capital needs assessment of the project. For rental housing, if the remaining useful life of one or more major system is less than the applicable period of affordability, the participating jurisdiction's standards must require the participating jurisdiction to ensure that a replacement reserve is established and monthly payments are made to the reserve that are adequate to repair or replace the systems as needed. For homeownership housing, the participating jurisdiction's standards must require, upon project completion, each of the major systems to have a remaining useful life for a minimum of 5 years or for such longer period specified by the participating jurisdiction, or the major systems must be rehabilitated or replaced as part of the rehabilitation work[2].

(3) **Lead-based Paint.** NMHC's standards must conform with HUD's lead-based paint requirements at 24 CFR part 35[3].

(4) **Disaster Mitigation (if applicable).** Require the property to meet the disaster mitigation requirements, e.g., housing to be improved to mitigate the impact of potential disasters (e.g., earthquake, hurricanes, flooding, and wildfires) in accordance with State and local codes, ordinances, and requirements[4] such as the 2018 International Building Code or most current building code adopted by the CNMI Department of Public Works Building Safety Office, zoning laws (note: zoning is currently applicable to Saipan only), International Energy Code, etc.

[1] **24 CFR 92.251(b)(1)(i)**
[2] **24 CFR 92.251(b)(1)(ii)**
[3] **24 CFR 92.251.(b)(1)(iii)**
[4] **24 CFR 982.251(b)(1)(vi)**

(5) **State and Local Codes, Ordinances, and Zoning Requirements.** NMHC's standards must require the housing to meet all applicable State and local codes, ordinances, and requirements in accordance to the 2018 International Building Code or most current building code adopted by the CNMI Department of Public Works Building Safety Office, zoning laws (note: zoning is currently applicable to Saipan only), International Energy Code, or, in the absence of a State or local building code, the International Building Code of the International Code Council[5].

(6) **Uniform Physical Conditions Standards.** NMHC's standards must reflect upon completion, the CDBG-DR-assisted project and units will be decent, safe, sanitary, and in good repair as described in 24 CFR 5.705. HUD will establish non-life threatening and minimum deficiencies that must be corrected under NMHC's standards based on inspectable items and inspected areas from HUD-prescribed physical inspection procedures (Uniform Physical Conditions Standards) pursuant to 24 CFR 5.705[6]. See Attachment B.

GENERAL NOTES:

1. **Scope Verification.** The contractor shall field verify locations, sizes, and quantities of work required for the project. Any quantities provided by NMHC need to be field verified for accuracy and exact installation requirements.

The contractor is responsible for coordinating with an in-house or third-party Architectural and Engineering (A&E) firm for their project design, proposal, and scope of work for review and certification as required.

2. **Tools, Material, and Equipment.** The contractor will supply all tools, materials, and equipment required to perform the Scope of Work unless otherwise specified.

3. **Permits, Inspections, and Testing.** Contractors and Subcontractors shall be responsible for all permits including but not limited to, the Saipan Zoning Board, the Bureau of Environmental and Coastal Quality (BECQ), and the Department of Public Works (DPW), inspections, testing, fees and licensing as pertaining to the law, ordinances, and regulations and as required to complete their respective Scopes of Work in this Agreement. The contractor shall pay for the entire cost of any remedial work resulting from a failed inspection.
4. **Taxes.** The contractor shall be responsible for all federal, state, and local taxes imposed directly or indirectly for its Services required to fill this Agreement.
5. **Insurance.** The contractor shall provide and maintain General Liability and Worker's Compensation insurance throughout the Term of this Agreement and Project duration. The contractor shall provide certificates of insurance or other acceptable evidence of insurance (i.e.,

[5] **24 CFR 92.251(b)(1)(vii)**
[6] **24 CFR 92.251(b)(1)(viii)**

payment and performance bond) in the amount of 100 percent of the rehabilitation contract sum upon execution of this Agreement.

6. **Clean-Up.** The contractor is responsible for daily cleanup of all areas where work is performed and disposal of debris.

NMHC PROJECT PROPOSAL STANDARD REQUIREMENTS:

a) Contractors and/or A&E firms are to conduct assessments of the client's existing home and property condition, existing home structural condition, existing plumbing and drainage system conditions, and existing electrical condition. The contractor and/or A&E firm will also need to verify the home's existing power pole drop line and water meter locations for planning purposes and reference in the scope of work development.

Also, the contractor will identify any potentially life-threatening conditions to include but not limited to:

- Lead-Based Paint
- Asbestos
- Mold
- Structural issues/failures

b) The contractor and/or A&E firm is responsible for securing as-built measurements of the home and project site for conversion to AutoCAD format for planning, layout renovation, and development of the rehabilitation scope of work.

c) Only contractors on NMHC's approved contractor listing are eligible to work on home grant clients' new or rehab home projects.

Note: Interested contractors not currently listed on NMHC's contractor listing must first submit all documents as listed on the request for qualifications notice to be added to the contractor listing and become eligible to work on housing projects.

d) The contractor is responsible for applying for all permits necessary for a new house construction proposal or renovation, extension, rehab project for a regular home or disability home project for the record.

e) The contractor is responsible for having all project design drawings reviewed and certified by a licensed A&E firm. The contractor will utilize the certified drawings to apply for the DPW Building Permit as required.

f) The contractor is responsible for complying with all DPW Building Safety Code requirements including but not limited to: inspections, report documentation, and testing reports throughout the

construction process for new, rehab, renovation home projects for regular home or disability home construction, extensions, or house conversions to disability home compliance projects.

g) The Contractor is responsible for gathering and maintaining all project records and documentation required by DPW for the issuance of the Certificate of Occupancy upon project completion. Copies of all reports are also to be submitted to NMHC.

h) The contractor is required to conduct a pre-final inspection of the project with the homeowner and NMHC officials, before final inspection with DPW Building Safety inspectors, to test all the building systems and finishing work.

i) Any major systems, as defined below, installed by the contractor shall have a warranty of no less than 5 years. Such warranty shall be stipulated on the rehabilitation contract between the contractor and the homeowner. Should it be determined at any time during the 5-year warranty period that a major system failure was a result of the work completed by the contractor then the contractor will be obligated to repair the failure.

j) All other rehabilitation work performed by the contractor shall have a warranty period of no less than 1 year, beginning on the date of the Certificate of Occupancy issued by the Department of Public Works. Such warranty shall be stipulated on the rehabilitation contract between the contractor and the homeowner.

Major systems as defined by 24 CFR 92.251(b)(1)(ii)] – Structural support; roofing; cladding and weatherproofing (e.g., windows, doors, gutters); plumbing; electrical; and heating, ventilation, and air conditioning.

ZONING REFERENCES AND REQUIREMENTS:

a) Contractors are required to apply for all zoning permit(s)/clearance(s) required for a home renovation or rehabbing project, including any new home extension projects. Contractors will need to ensure full compliance with all zoning setback requirements.

Example: For any extension in the front of the house, the extension should be 15' feet away from the front property line to the new front wall extension. For the left or right-side, the zoning setback requirements are 10' feet away from the boundary line to a new building wall extension. And for the rear setback, zoning requires 20' feet clearance away from the rear property line. Any failure to meet these requirements may result in the home client having to pay for zoning variance fees.

b) Zoning fencing setback requirements - For any proposed fencing for the front side of the house facing the road entry, the fence line should be two feet inward of the property line. For the left, right, and rear side setbacks, the requirement is one foot inward the property line.

c) Should a new septic tank and leaching field be required, the Zoning office setback requirements are a minimum of ten feet at any angle from the property line for both the septic tank and leaching field.

Note: New septic tanks should be constructed fifteen feet from the house. DEQ also has regulations on Septic tanks and leaching fields that need to be adhered to.

SITE WORK:

a) All debris including abandoned vehicles, scrap material, metal objects, trash, vegetation, and other objects that pose a safety and/or health threat, as determined by the local jurisdiction or person qualified to make such a determination, must be removed from the property before the start of construction.

b) Any identified lead-based paint hazards must be abated by the contractor per the guidelines outlined in 24 CFR 92.251(b)(1)(iii).

c) Any ground-level hazards i.e., potholes around the home must be backfilled to finish grade elevation to prevent tripping hazards.

d) If required, any existing boundary fencing around the house/project site that can be repaired must be restored to a safe condition. If the fencing poses safety and/or health hazard then it must be immediately removed from the project site.

Note: Repairing of an existing boundary fence does not alleviate the contractor from installing the required protective hoarding around the house/project site.

PEST CONTROL:

a) Termite control shall be applied by a reliable and licensed termite control company familiar with local soils and termite control conditions and licensed by the Division of Environmental Quality.

    1. The contractor shall apply for all permits necessary for pest treatment.

b) The contractor shall attain a certification of 2-year warranty and retreatment should ground nesting of termite occurs within the 2 years at no cost to the homeowner.

c) The contractor shall apply termite treatment for any new construction, renovation, rehab, and extension project as required.

FOUNDATIONS:

a) Footings will be designed for an assumed allowable soil bearing capacity of 3,000 PSI

b) All structural fill beneath footings and slab-on-grade shall be placed 12 inches thick on 8-inch maximum layers. Foundation Backfill will be compacted to 95% compaction maximum dry density.

c) Any soft spots encountered during excavation operations for foundations shall be over excavated till hard dirt limits, then backfilled with suitable material and properly compacted to 95%.

d) Compaction tests for the foundation shall be required and paid for by the homeowner if not included in the contract after receiving the compaction test result for the record. The tests must be performed by a licensed soil testing firm.

CONCRETE AND REINFORCEMENT:

1. All concrete shall develop a minimum compressive strength at the end of 28 days as follows:

• Foundation	3,000 PSI	Max slump	@4 inches
• Beams, Walls & Columns	3,000 PSI	Max Slump	@4 inches
• Suspended Roof Slab	3,000 PSI	Max Slump	@4 inches
• Slab on Grade	2,500 PSI	Max Slump	@5 inches
• Sidewalk / Pathway	2,000 PSI	Max Slump	@5 inches
• Driveway & Car Parking	3,000 PSI	Max Slump	@4 inches

Note: For a concrete flat rooftop on the middle portion, pour 7½" thick concrete slab, sloping to all corners of the house's downspouts or drainage passageways at 5" finish. A 2½" slope to be applied in the middle of the rooftop to prevent water ponding on the rooftop.

TESTING:

1. Compression Tests: All concrete placed for foundations, structural slabs, beams, and columns shall have a minimum of three cylinders taken for every 50 cubic yards of concrete placed or for any one concrete placement. Concrete cylinders shall be tested for compressive strength at a testing laboratory. Two compression tests shall be performed at 14 days and one compression test at 28 days for each set of three cylinders taken.
2. Slump tests @ 3"- 4": A slump test shall be taken in the presence of the architect or engineer for each batch of concrete delivered to the job site and shall be taken before placing any concrete. In the event a slump test fails, the entire batch of concrete shall be rejected, including removal of concrete already placed, without cost to the homeowner for the record.

3. Additional water to concrete mixture batch at the job site shall not be permitted.
4. All materials and workmanship shall conform with the 2018 International Building Code requirements for residential projects. All contractors must comply with the code for receiving the finished project's Certificate of Occupancy.

MAINTAIN MINIMUM CONCRETE COVERAGE FOR REINFORCING STEEL AS FOLLOWS:

1. For concrete cast against and permanently exposed to earth @ 3"
2. Concrete exposed to earth or weather no. 5 rebar or smaller @ 1 ½"
3. Concrete not exposed to earth or in contact with ground slabs & walls @ ¾"
4. Concrete not exposed to earth or in contact with beams & columns @ 1 ½"
5. Reinforcement of new walls and columns shall be dowelled to supporting footings, beams, columns and walls with bars of the same size and spacing as vertical and horizontal bars

STRIPPING OF FORMS AND SHORES:

1. For foundation forms, it can be removed after 24 hours after pouring curing time. For Walls and Columns forms, they should be removed after 48 hours minimum. For concrete roof beams and roof slabs, forms should be removed after 14 days minimum. All forms can be removed after 28 days of the date.
2. All concrete shall be kept moist for a minimum of 7 days immediately after placing by the use of wet burlap, fog spraying, curing compounds, and other approved methods an architect or engineer.
3. No heavy construction load is permitted more than 50% of the specified design load within the 28 days of concrete placement. In cases, do not overload more than the specified design load after the 28 days of placement. No concentrated load is permitted except over supporting columns and walls.

CONCRETE BLOCK WALL:

1. Masonry units shall have a factory's minimum compressive strength of 1,000 PSI.
2. Masonry units shall be sound, dry, clean, and free from cracks when placed in the structure.
3. Where masonry unit cutting is necessary, all work should be neat and true.
4. The maximum aggregate size shall be 3/8" for pouring CMU block cells.
5. Concrete block units shall be laid in the common bond pattern unless otherwise shown.
6. For wall thickness 4", 6" and 8", use No. 4 vertical rebars @ 16" on center typical.

7. Horizontal bars are placed at every two layers of blocks all around w/No.3 rebars typical.
8. For all corner walls, vertical bars install three No.5 vertical rebars on each side from the corner out @2' feet typical.
9. For all intersection walls, vertical bars install four No.5 vertical rebars one in center of T and one on each side out @2' feet typical.
10. For all end walls install two No.4 vertical bars w/No.3 bars C-ties @ 12" O.C. typical.

Note: Any new door or window to be opened up on an existing concrete house wall, construct a new lintel beam at 12" out from each side on top by 8" height by wall thickness typical and new 4" thick concrete sidings on both sides of window edging typically for door openings.

11. "Dur-O-Wal" reinforcement shall be continuous around all walls, corners, and intersections and shall lap @ 12" minimum splicing for all vertical rebar extension for all walls to roof beam level as required.
12. All CMU block cells shall be solidly filled with cement grout. Grout all cells below slab on grade. Typical unless noted otherwise.
13. When plastering roof beams and columns. Apply concrete bonding into your cement mixture and paintbrush the portions before plastering.
14. Any hollow sound on existing and newly plastered walls found on walls to be chipped removed out and re-plaster all hollow walls detected to its solid sound plaster condition.

Note: To be inspected and verified for approval for the record.

15. For painted finish. Apply muriatic acid on newly plastered walls. Wash down, dry up before applying two primer coats on newly plastered walls, and then apply two coated final painting finish. For existing concrete wall paint scrape and water blast all bubbling peeling out paint on walls, ceilings, etc. Apply one primer coat on existing dirty/stained washed walls before applying its new final paint color.
16. Any hollow sound on the existing floor, wall and counter ceramics, chip out and remove. Install new floor, wall, and counter ceramic with no hollow sound on the ceramic finishing work.

Note: To be inspected and verified for approval for the record.

CONCRETE WALL AND CONCRETE ROOF STRUCTURE EXTENSION:

a) For rehabbing an existing semi-concrete house to construct a new concrete roof structure on top, the contractor will construct new 8"x12" concrete columns with a 10" thick foundation concrete

pouring by 30" square column footings. If the existing house is longer than 20', the contractor will construct another new column in between or in the middle for more structural support. The specifications are only for a house renovation with concrete roof ceiling height at 8' to 9' flooring finish to roof ceiling finish. For a 10' roof ceiling or over, the contractor will construct a 12"x12" size concrete columns for all with a 10" thick concrete pouring by 36" square column footings. Rebar sizes are standard sizes approved from its building permit plans as specified. See construction drawings for rebar sizes and dimensions.

Note: To refurbish/renovate a damaged roof on an existing semi-concrete house, replacing or repairing a tin roof will not be accepted as a rehab project. All eligible applicants must have their rooftop converted solid concrete mitigate any future disasters as outlined in 24 CFR 92.251(b)(1)(vi) and to comply with the rehab program requirement for homeowner insurance.

Note: The existing CMU walls to be used as existing concrete wall partitions. Do Not depend on the existing wall as wall bearing walls for the record. It will only serve as a non-bearing wall. The new concrete columns are designed to carry the new 5" thick concrete roof slab with new 17"x8" or 10" concrete roof beams that are specified in the structural construction drawings for the record.

PLUMBING STANDARD NOTES:

1. Install a new ¾" ball valve at the existing CUC water meter box facing the house. Secure with cover level to the existing grade. (For emergency shut off valve).
2. Run a new ¾" PVC cold water line into the house project. (Following the Plumbing Floor Plans and Specifications).
3. For cold water lines, use PVC water pipes and for hot water lines, use CPVC water pipes.
4. For the waste line, use ABS pipes for all drainage waste line.
5. Make sure that the electric water heater has a Pressure Relief valve down at 12" above ground level. This is to ensure that should the water heater tank be over-pressured; the valve opens to relieve the pressure in the tank and prevent tank explosion.
6. Check slopes of waste/soil lines. Pipping below 3" diameter shall be sloped at ¼" per foot. Piping over 3" shall be sloped at 1/8" per foot for the proper sloping waste line to the septic tank as required in the plumbing code.
7. Lay new water lines higher than sewer/waste lines to prevent contamination. Provide sand cushion around any plumbing piping. Keep water lines away from soil/sewer lines if in the same trench by at least 24".
8. Install new air chambers for all fixture supply piping. Use 18" air chamber, one size larger than branch piping.
9. Testing of water lines pressures for 100 PSI for one hour without any drop in water pressure. Retest all leaky joints. Submit all test results together with the rest of the closing reports.

10. Static testing of waste lines and vent lines to 10' static head for at least one hour. Retest all leaky joints when detected until it has no more leak for the record. Submit all test results together with the rest of the closing reports.
11. Always check that the flow of the waste/soil lines is correct. The vent line is directed to the rooftop at 18" above the roofline. For sewer line, use long sweep elbow or tee.
12. Whenever a water closet is installed, make sure there is a minimum 2" vent thru roof at 18" above the rooftop.
13. Provide floor drains on 2nd or higher floors for housekeeping.
14. Clearwater lines and waste lines away from foundation footings, columns, and beams.
15. Do not install/embed water lines in concrete. Provide piping chase or sleeves.
16. Provide shut off valves at strategic points in the water lines.
17. For propane gas lines, use galvanized piping for LPG gas lines. Encased LPG piping in PVC piping, if piping is installed underground. Use a One bigger size PVC pipe to sleeve the galvanized pipe inside before pouring under the slab.
18. Always provide strap around water heaters, gas tanks to prevent it from moving during an earthquake.
19. Provide cushion sleeves around any piping penetrating through concrete walls and floors.
20. Provide 36" standpipe for washer and P-trap shall be above ground readily accessible. Do not install P-trap under the ground.
21. Provide P-traps for floor drains, shower drains, kitchen sinks, and lavatories.
22. Provide ground or floor cleanouts at every 50'. Provide cleanouts to every angle as required in the plumbing code for preventive maintenance.
23. Do not install sewer lines in the same trench as water lines. Where there is crossing, concrete encase the sewer line 10' at 10" around the line to the end of crossing. Sewer lines should be always located deeper than the water lines in a trench.
24. For a long stretch of hot water piping lines, provide a loop comprising of elbows to offset expansion for safety purposes.
25. Provide 2" high overflow piping above a flat rooftop in addition to roof drains.
26. Provide supports for piping under slabs.
27. Provide vent piping 10' away horizontally from any window or door. Preferably, install a vent to terminate above the roof at 18" above finish rooftop.
28. The contractor shall be responsible for chipping existing concrete floors and walls to install new plumbing piping. The contractor is responsible also to restore floor slabs and walls to the original

condition. These are part of the rehab and renovation work process. All extra work shall not be an additional cost to the homeowner. Everything should be included in the contract.

29. Standard sizes for water, soil/waste, and vent lines for each fixture are as follows:

Fixture:	Cold Water:	Hot Water:	Soil/Waste:	Vent:
Floor Drain			2" ABS	2" ABS
Water Closet	½" PVC		3" or 4" ABS	2" ABS
Urinal	¾" PVC		2" ABS	2" ABS
Kitchen Sink	½" PVC	½" CPVC	2" ABS	2" ABS
Lavatory	½" PVC	½" CPVC	2" ABS	2" ABS
Shower	½" PVC	½" CPVC	2" ABS	2" ABS
Dirty Kitchen Sink	½" PVC	½" CPVC	2" ABS	2" ABS

Note: Always tighten, secure, brace, and clamp all wall-mounted fixtures properly. Provide concrete splash boxes for drainage downspouts.

ELECTRICAL STANDARD NOTES:

1. The contractor is responsible for obtaining permits for temporary power hook up including applying and paying hookup and monthly use fees for their use for the project without cost to homeowners for the record.
2. GFCI outlets to be installed in any kitchen counter at 4' min. away from the sink.
3. Use the GFCI outlet for the restroom wall outlet. Do not use a regular outlet.
4. Use the GFCI outlet for the outside wall outlet with a weatherproof cover typical.
5. Design for outlets should be limited to 8 outlets for a 20-amp single pole breaker.
6. Design for lights should be limited to 8 lights for a 20-amp single pole breaker.
7. Provide at least one outlet in the hallway for housekeeping use.
8. Installing new electrical boxes shall include an adapter, lock nut, and bushing. Bushing shall be insulated.
9. The service entrance conduit shall be galvanized steel per CUC requirements.
10. Conduits underground shall be PVC.
11. For any exposed conduits it shall be a rigid aluminum or galvanized steel.
12. Conduits inside building in-ceiling or exposed may be electrical metallic tubing-EMT.
13. Minimum size for homerun shall be ¾" conduit for easy pulling.

14. For computer circuits, make sure the ground wire is isolated.
15. All power circuit conduit shall have ground wire.
16. Follow electrical wires standard color-coding per National Electrical Code. For residential rehab, projects shall be a 120/240 Volt system, 1 phase:

Phase A-color Black Phase B-color Red Neutral color: White Ground color: Green

Note: The neutral and grounding colors shall be the correct color wire throughout without any exception. Avoid color coding with electrical tape. Electrical hazard.

17. Splicing shall be the plastic pressure type connectors. For larger wires, splicing shall be terminal lugs type.
18. Any conduit crossing roadways or in traffic areas shall be embedded in concrete, or located per NEC. The minimum conduit depth is 18" to top of the conduit.
19. Separate communications conduits from power conduits by at least 12" laterally. The minimum conduit size shall be ¾" conduit. Provide pull wire in every empty communications conduit extending 12" at both ends for computer and TV. line connections.
20. Contractor to coordinate with telephone/internet company to seek the advice of where hand holes or access panels may be located for ease of pulling and service.
21. Be sure to apply rust spray paint to all electrical boxes before embedding them in concrete.
22. Position outlets on a horizontal orientation.
23. Where to put new light switches, place them right after opening a door on the closest wall at 4' height typical.
24. Light switches to be set on a vertical position at 4' height center of electrical boxes.
25. Conduits underground outside the house building shall have warning tape at 12" below grade.
26. Maximum bends in conduits shall be limited to three (3).
27. Standard Breaker amp size and its proper wire size use to prevent power shortage and fire for health and safety measures.
28. For reference, a 20-amp circuit breaker has a total of 1,920 Watts.
29. For a single-pole 20-amp circuit breaker, use No. 12 solid wires. Separate outlets and lights circuit breaker switch.
30. Use No. 12 solid wires for receptacle outlets. A limit of 8-outlets per 20-amp single pole circuit breaker switch.

31. Use No. 12 solid wires for light fixtures. A limit of 8-lights per 20amp single pole circuit breaker switch.
32. Use a 20-amp single pole circuit breaker with a No. 12 solid wire. For 110 volts air conditioning separately, use a ½" electrical conduit from the panel box to outlet location.
33. Use a 30-amp double pole circuit breaker with a No. 10 solid wire. For 220 volts air conditioning separately, use a ¾" electrical conduit from the panel box to the outlet location
34. Use a 50-amp double pole circuit breaker with No. 6 stranded wires in a 1" electrical conduit for electrical range.
35. Use a 20-amp single pole circuit breaker with a No. 12 solid wire. For a refrigerator separately, use a ½" electrical conduit from the panel box to outlet location.
36. Use a 20-amp single pole circuit breaker with a No. 12 solid wire, for computer station separately, use a ½" electrical conduit from the panel box to outlet location.
37. Use a 30-amp double pole circuit breaker with a No. 10 solid wire. For 220 volts Electric Water Heater separately, use a ¾" electrical conduit from the panel box to outlet location.
38. For reference information, using a 100amp double pole circuit breaker use a # 2 wire.
39. A 125-amp double pole circuit breaker uses a # 1 wire.
40. A 150-amp double pole circuit breaker uses a # 1/0 wire.
41. A 175-amp double pole circuit breaker uses a # 2/0 wire.
42. A 200-amp double pole circuit breaker uses a # 3/0 wire.
43. Make sure any electrical splicing to be connected uses an electrical connector, not electrical tape.
44. Make sure to tighten all loose connections properly.
45. Provide 4" high concrete pad for mounting an electrical water heater equipment. Allow for 4" extra distance on the width and length of the water heater.
46. Exposed conduits in exposed areas shall be painted to match the adjacent wall finish.
47. All equipment and disconnect switch in weather shall be sealed waterproof.
48. All testing work shall be performed by the contractor and the contractor shall pay for all water, fuel, electricity, instrument, and personal.
49. The contractor shall submit a written guarantee certificate warranting all materials and workmanship free of defects for one year from the date of acceptance.
50. The contractor must submit As-Built drawings of the electrical system after project along with Certificate of Occupancy

ELECTRICAL MOUNTING HEIGHT REQUIREMENTS FOR ELECTRICAL:

1.	Meter Box Height	5'-6" from finish grade to center of the meter box
2.	Panel Box Height	5'-0" from finish floor to top of the panel box
3.	Light Switches Height	48" from finish floor to center of the elect. Box
4.	Outlet Height	12" from fin. floor, for ADA outlet height 15"- 48"
5.	Fire Alarm Height	5'- 6" from finish floor to center of the pull box
6.	Fire Alarm Horn/Bell Height	7'- 6" from finish floor to center of the box
7.	Disconnect Switch	5'- 6" from finish floor to the center of the box

ELECTRICAL GENERAL NOTES:

1. All electrical work shall be per the applicable sections of the National Electrical Code (NEC) latest edition, and the rules and regulations of the Dept. of Public Works and the Commonwealth Utilities Corporation.
2. All equipment and materials shall be UL listed where the listing is available for that type of equipment or conform to ANSI or NEMA standards.
3. Workmanship shall conform to the construction practices recommended by the American Electricians, Handbook by Croft, and shall be subject to the approval of the agency who has jurisdiction and the electrical engineer.
4. Conduit shall be EMT (indoor dry) locations concealed above ground, rigid aluminum (exposed installations, PVC (underfloor slab or grade, and inside concrete). Flexible conduit shall be jacketed type and per NEC 350.
5. Wiring shall be typed THWN, THW, XHHN, 600 volts. The conductor shall be copper.
6. Minimum size conduit shall be ½" inch diameter unless otherwise noted; minimum wire size shall be #12 AWG. Do Not Use #14 wires.
7. Electrical work shall be under the full supervision of a master electrician or a professional electrical engineer licensed to practice in the CNMI.
8. Panelboard shall be complete with bus bars, enclosure trim, molded case circuit breakers, bolt-on type branch circuit breakers, grounding, and neutral terminal lugs, panel board director, and keys. The laminated nameplate shall be provided on the front cover of the panel board or transformer.
9. All electrical devices and equipment exposed to weather shall be weatherproof.

10. Any device may be relocated within 10' of the location shown in the plans subject to the direction by the electrical engineer. Any such relocation shall be performed without additional cost to the homeowner.
11. The electrical contractor shall coordinate with a mechanical contractor for exact locations of water lines and waste lines before rough-in work.
12. Grounding:
    a. Metallic enclosures, raceways, and electrical shall be grounded per NEC 250. Provide green ground wire in every raceway per NEC Table 250-95.
    b. Grounding connection of the grounded circuit conductor (Neutral) shall be made only at the service disconnection means per NEC 250-23(a). Grounding on the neutral shall not be made on the load side of the service disconnect. The neutral shall not be made on the load side of the service disconnect. The neutral conductor shall be insulated from all equipment enclosures or any grounded parts. Bonding of the neutral bus to the ground bus in sub-panels shall be removed.
13. The electrical panel board and main switchboard, power meter box shall be furnished completely assembled from the factory.
14. Contractor to provide all labor, materials, equipment, tools, and all necessary materials including wire connectors, tapes, markers, etc. to accomplish the work shown in the plans. The cost of permits shall be the contractor's responsibility.
15. Minimum service clearance in front of the main switchboard shall be 4'.
16. Testing: Operation, Insulation Resistance, Grounding Tests.

FINISH MATERIAL STANDARDS:

Flooring Standards:

(a) For the living room, dining room, kitchen room, hallways, and bedrooms floor, the finish is to be plastered level with a vinyl tile or ceramic tile finish (depending on cost and durability).

(b) For the standard restroom floor finishing, to be a ceramic finish with white cement grouted finish. The restroom floor ceramic must be approved nonslip type of ceramic finish.

Note: Ceramic color should be the client's choice of ceramic color on the contractor's approved standard min. ceramic size.

(c) For all concrete stoops, landings and sidewalks floor finish, to be plastered sweep finish and for the carport, floor finish to be plastered fine finish.

Note: Plaster the sides of the concrete sidewalks, landings, ramps, and garage floorings.

Door Standards:

(a) For the exterior front entry door, use a 1¾" thick x 36"x 6'-8" solid core decorative door with heavy-duty door hinges, regular doorknob, deadbolt with keys, painted varnish finish, and door bottom with threshold and a door stopper on the back.

Note: Use a lever-type doorknob for a disability or elderly rehab home project.

(b) For any exterior exit door, use a 1¾" thick x 32"x 6'-8" min. regular solid core door with heavy-duty door hinges, regular doorknob with a deadbolt, painted varnish finish, and door bottom with threshold and a door stopper on the back.

Note: For disability or elderly rehab home project, use a lever type door knob with keys and a 36" size regular solid core door.

(c) For bedroom doors, use a 1½" thick x 36", 34", 32", or 30"x 6'-8" min. regular hollow-core door with light-duty door hinges and regular doorknob w/no key type and door painted with a varnish finish and a door stopper installed on the back.

(d) Aluminum Typhoon Shutters. Homeowners may include if the rehabilitation budget is sufficient, the installation of aluminum typhoon shutters on the exterior main entrance and rear exit doors of the housing unit.

- Typhoon shutters must be accordion-type with lock and key.
- Use 3"x1/4" screws to bolt the typhoon shutters to the concrete wall. The minimum number of screws is 3 per side.

Note: For a disability rehab home project, use a lever type door knob with keys only on 36" door size.

Window Standards:

(a) Living room window min. size 4'x4' sliding glass window with a ¼" thick safety tempered glass with aluminum frame. 4 screws on each side.
(b) Kitchen window min. size 3'x3' sliding glass window with a ¼" thick safety tempered glass window with aluminum frame. 3 screws on each side.
(c) Dining room window min. size 3'x4' Height with a ¼" thick safety tempered sliding glass window with aluminum frame. 3 screws on each side and 4 screws each on top and bottom.
(d) Bedroom window must have at least one set 4'x4' sliding glass window (For egress, in case of fire) with a ¼" thick safety tempered glass window with aluminum frame. 4 screws on each side.
(e) Restroom window min. standard size. 2'x2' sliding glass window with a ¼" thick safety tempered glass window with aluminum frame. 2 screws on each side.
(f) Seal all window edgings inside and outside
(g) All windows shall also include window screens
(h) Frame Color to be Clients choice of color

(i) Install new typhoon metal brackets at the outside walls for all windows w/painted finish
(j) Use 3"x1/4" screws to bolt the sliding windows to the concrete wall. The minimum number of screws per window is mentioned above.
(k) Aluminum Typhoon Shutters. Homeowners may include if the rehabilitation budget is sufficient, the installation of aluminum typhoon shutters on all housing unit windows.

- Typhoon shutters must be accordion-type with lock and key.
- Use 3"x1/4" screws to bolt the typhoon shutters to the concrete wall. The minimum number of screws is 3 per side.

Note: All aluminum typhoon shutters shall meet or exceed the wind rating outlined in the 2018 International Building Code (IBC) and the Tropical Energy Code.

Faucet Standards:

(a) Kitchen Sink Faucet to be a regular faucet type.

Note: For disability or elderly Rehab Home Project to be a lever faucet set type.

(b) Restroom Lavatory Sink Faucet to be a regular faucet type.

Note: For disability or elderly Rehab Home Project to be a lever faucet set type.

Regular and Disability Rehab Home Projects Standard Finishes:

(a) For disability, concrete sidewalk & landing size requirements. Concrete sidewalk width 36" min. and for landing size 5' sq. no less.

Note: Sidewalks and landings that are higher than 7" above existing grade during rehab work, requires all sides to be backfilled at 4" finish grade at 1' level and slope out at 4' on both sides to existing grade elevation, otherwise install new aluminum hand railings within 33" to 36" height along the hazard sidewalk, ramps and landings pathway.

Note: For regular rehab home projects sidewalks, same at 36" and for landing 36" sq. is allowable.

(b) For the front entry and exit doors outside, construct a 5' sq. concrete stoop floor landing at ½" lower from the finished house floor elevation.
(c) The restroom floor elevation should be ½" lower from the inside house flooring. Also, for the shower room flooring is ½" lower than the restroom flooring as required.
(d) Install hand railings along any sidewalks or pathways and landings that are higher than 7" above finish grade.
(e) Construct a new concrete ramp at a ratio of 1" drop = 1' slope.

(f) Install smoke alarms in bedrooms and hallways as required by Building Safety Code. Smoke alarms must be hard-wired smoke alarms and that the smoke alarms are interconnected.
(g) Install water sprinklers with warning fire light signals for impairment of client individuals only.
(h) In designing a new rehab disability home layout extension or for reconstructed disability house floor plan design, consider a 3' clear passage for a wheelchair to maneuver from the entry of the house to the inside of the house. Ensure that in your design layout, take into consideration the furniture space in planning for wheelchair accessibility, through bedrooms, restroom(s), living room, kitchen, dining, and for exiting the exit door to the outside of the house with no hazards along for emergency purposes as required.
(i) Disability lavatory height should be set at 34" maximum.
(j) disability water closet height from the finished floor to the toilet seat is within 17" to 19". Note: For regular standard toilet height is 15" from the finished floor to the toilet seat.
(k) Install a new 2' ADA grab bars on the back of ADA toilet centered, 2' length on shower faucet wall and 42" on the side shower wall at height within 33" to 36".
(l) Install ADA medicine cabinet at 40" from the finished floor to the bottom of the medicine cabinet.

Note: For regular standard medicine cabinet height is 64" from the finished floor to center of the medicine cabinet.

(m) Install a towel hanging bar within 36" to 48" for disability or regular restroom.
(n) Install a toilet paper holder to the nearest wall at 19" above the finished floor and a maximum of 36" from the rear wall.
(o) Rehab finishing projects paint colors to be the home client's choice of paint color for all paint finishing work.

All technical reference information applies to all building systems standard needs for new house construction, rehabilitation project, renovation project and house conversion to disability home compliance project that meet all current CNMI local building code regulations and meet Housing Quality Standards (HQS) and Uniform Physical Condition Standards (UPCS) requirements.

The HUD CPD Green Building Retrofit Checklist will also be included in the rehabilitation standards (Attachment A). "CPD recognizes that not all elements of the checklist will be applicable in all climates and geographies. Because of this, CPD will consider exceptions to these standards based on climate or geography, if a grantee identifies the specific standards that aren't applicable, including offering alternatives if available, and CPD's Office of Environment and Energy accepts the grantee's request."

Other building systems may be accepted provided that they meet or exceed the standards mentioned above. Third-party certifications or specific standard testing methods are required to substantiate or validate the claims.

Attachment A:

HUD CPD Green Building Retrofit Checklist

The CPD Green Retrofit Checklist promotes energy efficiency and green building practices for residential retrofit projects. Grantees must follow the checklist in its entirety and apply all measures within the Checklist to the extent applicable to the particular building type being retrofitted. The phrase "when replacing" in the Checklist refers to the mandatory replacement with specified green improvements, products, and fixtures only when replacing those systems during the normal course of the retrofit.

Note: CPD recognizes that not all elements of the checklist will be applicable in all climates and geographies. Because of this, CPD will consider exceptions to these standards based on climate or geography, if a grantee identifies the specific standards that aren't applicable, including offering alternatives if available, and CPD's Office of Environment and Energy accepts the grantee's request.

WATER AND ENERGY CONSERVATION MEASURES

☐ **Water-Conserving Fixtures**
Install or retrofit water conserving fixtures in any unit and common facility, use the following specifications: Toilets-- 1.28 gpf; Urinals-- 0.5 gpf; Showerheads-- 2.0 gpm; Kitchen faucets-- 2.0 gpm; and Bathroom faucets-- 1.5gpm. [gpf = gallons per flush; gpm = gallons per minute]

☐ **ENERGY STAR Appliances**
Install ENERGY STAR-labeled clothes washers, dishwashers, and refrigerators, if these appliance categories are provided in units or common areas.

☐ **Air Sealing: Building Envelope**
Seal all accessible gaps and penetrations in the building envelope. If applicable, use low VOC caulk or foam.

☐ **Insulation: Attic** (if applicable to building type)
For attics with closed floor cavities directly above the conditioned space, blow in insulation per manufacturer's specifications to a minimum density of 3.5 Lbs. per cubic foot (CF). For attics with open floor cavities directly above the conditioned space, install insulation to meet or exceed IECC levels.

☐ **Insulation: Flooring** (if applicable to building type)
Install ≥ R-19 insulation in contact with the subfloor in buildings with floor systems over vented crawl spaces. Install a 6-mil vapor barrier in contact with 100% of the floor of the crawl space (the ground), overlapping seams and piers at least 6 inches.

☐ **Duct Sealing** (if applicable to building type)

In buildings with ducted forced-air heating and cooling systems, seal all penetrations of the air distribution system to reduce leakage in order to meet or exceed ENERGY STAR for Homes' duct leakage standard.

☐ **Air Barrier System**
Ensure continuous unbroken air barrier surrounding all conditioned space and dwelling units. Align insulation completely and continuously with the air barrier.

☐ **Radiant Barriers: Roofing**
When replacing or making a substantial repair to the roof, use radiant barrier sheathing or other radiant barrier material; if economically feasible, also use cool roofing materials.

☐ **Windows**
When replacing windows, install geographically appropriate ENERGY STAR rated windows.

☐ **Sizing of Heating and Cooling Equipment**
When replacing, size heating and cooling equipment in accordance with the Air Conditioning Contractors of America (ACCA) Manuals, Parts J and S, or 2012 ASHRAE Handbook--HVAC Systems and Equipment or most recent edition.

☐ **Domestic Hot Water Systems**
When replacing domestic water heating system(s), ensure the system(s) meet or exceed the efficiency requirements of ENERGY STAR for Homes' Reference Design. Insulate pipes by at least R-4.

☐ **Efficient Lighting: Interior Units**
Follow the guidance appropriate for the project type: install the ENERGY STAR Advanced Lighting Package (ALP); ***OR*** follow the ENERGY STAR MFHR program guidelines, which require that 80% of installed lighting fixtures within units must be ENERGY STAR-qualified or have ENERGY STAR-qualified lamps installed; ***OR*** when replacing, new fixtures and ceiling fans must meet or exceed ENERGY STAR efficiency levels.

☐ **Efficient Lighting: Common Areas and Emergency Lighting** (if applicable to building type)
Follow the guidance appropriate for the project type: use ENERGY STAR-labeled fixtures or any equivalent high-performance lighting fixtures and bulbs in all common areas; ***OR*** when replacing, new common space and emergency lighting fixtures must meet or exceed ENERGY STAR efficiency levels. For emergency lighting, if installing new or replacing, all exist signs shall meet or exceed LED efficiency levels and conform to local building codes.

☐ **Efficient Lighting: Exterior**
Follow the guidance appropriate for the project type: install ENERGY STAR-qualified fixtures or LEDs with a minimum efficacy of 45 lumens/watt; ***OR*** follow the ENERGY STAR MFHR program guidelines, which require that 80% of outdoor lighting fixtures must be ENERGY STAR-qualified or have ENERGY STAR-qualified lamps installed; ***OR*** when replacing, install ENERGY STAR compact fluorescents or LEDs with a minimum efficacy of 45 lumens/watt.

INDOOR AIR QUALITY

☐ **Air Ventilation: Single Family and Multifamily** (three stories or fewer)
Install an in-unit ventilation system capable of providing adequate fresh air per ASHRAE 62.2 requirements.

☐ **Air Ventilation: Multifamily** (four stories or more)
Install apartment ventilation systems that satisfy ASHRAE 62.2 for all dwelling units and common area ventilation systems that satisfy ASHRAE 62.1 requirements. If economically feasible, consider heat/energy recovery for 100% of corridor air supply.

☐ **Composite Wood Products that Emit Low/No Formaldehyde**
Composite wood products must be certified compliant with California 93120. If using a composite wood product that does not comply with California 93120, all exposed edges and sides must be sealed with low-VOC sealants.

☐ **Environmentally Preferable Flooring**
When replacing flooring, use environmentally preferable flooring, including the FloorScore certification. Any carpet products used must meet the Carpet and Rug Institute's Green Label or Green Label Plus certification for carpet, pad, and carpet adhesives.

☐ **Low/No VOC Paints and Primers**
All interior paints and primers must be less than or equal to the following VOC levels: Flats--50 g/L; Non-flats--50 g/L; Floor--100 g/L. [g/L = grams per liter; levels are based on a combination of the Master Painters Institute (MPI) and GreenSeal standards.]

☐ **Low/No VOC Adhesives and Sealants**
All adhesives must comply with Rule 1168 of the South Coast Air Quality Management District. All caulks and sealants must comply with regulation 8, rule 51, of the Bay Area Air Quality Management District.

☐ **Clothes Dryer Exhaust**
Vent clothes dryers directly to the outdoors using rigid-type duct work.

☐ **Mold Inspection and Remediation**
Inspect the interior and exterior of the building for evidence of moisture problems. Document the extent and location of the problems, and implement the proposed repairs according to the Moisture section of the EPA Healthy Indoor Environment Protocols for Home Energy Upgrades.

☐ **Combustion Equipment**
When installing new space and water-heating equipment, specify power-vented or direct vent combustion equipment.

☐ **Mold Prevention: Water Heaters**
Provide adequate drainage for water heaters that includes drains or catch pans with drains piped to the exterior of the dwelling.

☐ **Mold Prevention: Surfaces**
When replacing or repairing bathrooms, kitchens, and laundry rooms, use materials that have durable, cleanable surfaces.

☐ **Mold Prevention: Tub and Shower Enclosures**
When replacing or repairing tub and/or shower enclosures, use non-paper-faced backing materials such as cement board, fiber cement board, or equivalent in bathrooms.

☐ **Integrated Pest Management**
Seal all wall, floor, and joint penetrations with low-VOC caulking or other appropriate sealing methods to prevent pest entry. [If applicable, provide training to multifamily buildings staff.]

☐ **Lead-Safe Work Practices**
For properties built before 1978, if the project will involve disturbing painted surfaces or cleaning up lead contaminated dust or soil, use certified renovation or lead abatement contractors and workers using lead-safe work practices and clearance examinations consistent with the more stringent of EPA's Renovation, Repair, and Painting Rule and HUD's Lead Safe Housing Rule.

☐ **Radon Testing and Mitigation** (if applicable based on building location)
For buildings in EPA Radon Zone 1 or 2, test for radon using the current edition of American Association of Radon Scientists and Technologists (AARST)'s Protocols for Radon Measurement in Homes Standard for Single-Family Housing or Duplexes, or AARST's Protocol for Conducting Radon and Radon Decay Product Measurements in Multifamily Buildings. To install radon mitigation systems in buildings with radon level of 4 pCi/L or more, use ASTM E 2121 for single-family housing or duplexes, or AARST's Radon Mitigation Standards for Multifamily Buildings. For new construction, use AARST's Reducing Radon in New Construction of 1 & 2 Family Dwellings and Townhouses, or ASTM E 1465.

Attachment B: Uniform Physical Condition Standards for Single Family Housing Rehabilitation – Requirements for Site

Inspectable Item	Observable Deficiency	Type and Degree of Deficiency That Must Be Addressed
Fencing and Gates	Damaged/Failing/Leaning	
	Holes	
	Missing Sections	
Grounds	Erosion/Rutting Areas	

	Overgrown/Penetrating Vegetation	
	Ponding/Site Drainage (affecting unit)	
Health and Safety	Air Quality – Sewer Odor Detected	
	Air Quality – Propane/Natural Gas/Methane Gas Detected	
	Electrical Hazards – Exposed Wires/Open Panels	
	Electrical Hazards – Water Leaks on/near Electrical Equipment	
	Flammable Materials – Improperly Stored	
	Garbage and Debris – Outdoors	
	Play Equipment – Broken or Damaged	
	Hazards – Other (e.g., outbuildings)	
	Hazards – Sharp Edges	
	Hazards – Tripping	
	Infestation – Insects	
	Infestation – Rats/Mice/Vermin	
Mailboxes/Project Signs	Mailbox Missing/Damaged	
	Signs Damaged	
Driveways	Cracks	
	Potholes/Loose Material	
	Settlement/Heaving	
Retaining Walls	Damaged/Falling/Leaning	
Storm Drainage	Damaged/Obstructed	
Walkways/Steps	Broken/Missing Hand Railing	
	Cracks/Settlement/Heaving	
	Spalling	

Attachment B: Uniform Physical Condition Standards for Single Family Housing Rehabilitation – Requirements for Site

Inspectable Item	Observable Deficiency	Type and Degree of Deficiency That Must Be Addressed
Doors	Damaged Frames/Threshold/Lintels/ Trim	
	Damaged Hardware/Locks	
	Damaged Surface (Holes/Paint/Rusting/Glass)	
	Damaged/Missing Screen/Storm/Security Door	
	Deteriorated/Missing Caulking/Seals	
	Missing Door	
Foundations	Cracks/Gaps Spalling/Exposed Rebar	
	Cracks/Gaps Spalling/Exposed Rebar	
Health and Safety	Electrical Hazards – Exposed Wires/Open Panels	
	Electrical Hazards – Water Leaks on/near Electrical Equipment	
	Flammable/Combustible Materials – Improperly Stored	
	Garbage and Debris – Outdoors	
	Hazards – Other	
	Hazards – Sharp Edges	
	Hazards – Tripping	
	Infestation – Insects	
	Infestation – Rats/Mice Vermin	
Lighting	Broken Fixtures/Bulbs	
Roofs	Damaged Soffits/Fascia	
	Damaged Vents	
	Damaged/Clogged Drains	

	Damaged/Torn Membrane/Missing Ballast	
	Missing/Damaged Components from	
	Downspout/Gutter	
	Ponding	
Walls	Cracks/Gaps	
	Damaged Chimneys	
	Missing/Damaged Caulking/Mortar	
	Missing Pieces/Holes/Spalling	
	Stained/Peeling/Needs Paint	
Windows	Broken/Missing/Cracked Panes	
	Damaged Sills/Frames/Lintels/Trim	
	Damaged/Missing Screens	
	Missing/Deteriorated Caulking/Seals/Glazing Compound	
	Peeling/Needs Paint	
	Security Bars Prevent Egress	

Attachment B: Uniform Physical Condition Standards for Single Family Housing Rehabilitation – Requirements for Site

Inspectable Item	**Observable Deficiency**	**Type and Degree of Deficiency That Must Be Addressed**
Bathroom	Bathroom Cabinets - Damaged/Missing	
	Lavatory Sink - Damaged/Missing	
	Plumbing - Clogged Drains	
	Plumbing - Leaking Faucet/Pipes	
	Shower/Tub - Damaged/Missing	
	Ventilation/Exhaust System – Inoperable (if applicable	
	Water Closet/Toilet - Damaged/Clogged/Missing	

Ceiling	Bulging/Buckling	
	Holes/Missing Tiles/Panels/Cracks	
	Peeling/Needs Paint	
	Water Stains/Water Damage/Mold/Mildew	
Doors	Damaged Frames/Threshold/Lintels/Trim	
	Damaged Hardware/Locks	
	Damaged/Missing Screen/Storm/Security Door	
	Damaged Surface - Holes/Paint/Rusting/Glass	
	Deteriorated/Missing Seals (Entry Only)	
	Missing Door	
Electrical System	Blocked Access to Electrical Panel	
	Burnt Breakers	
	Evidence of Leaks/Corrosion	
	Frayed Wiring	
	GFI - Inoperable	
	Missing Breakers/Fuses	
	Missing Covers	
Floors	Bulging/Buckling	
	Floor Covering Damage	
	Missing Flooring Tiles	
	Peeling/Needs Paint	
	Rot/Deteriorated Subfloor	
	Water Stains/Water Damage/Mold/Mildew	
Health and Safety	Air Quality - Mold and/or Mildew Observed	
	Air Quality - Sewer Odor Detected	
	Air Quality - Propane/Natural Gas/Methane Gas	
	Detected	
	Electrical Hazards - Exposed Wires/Open Panels	
	Electrical Hazards - Water Leaks on/near Electrical	
	Equipment	
	Flammable Materials - Improperly Stored	
	Garbage and Debris - Indoors	
	Garbage and Debris - Outdoors	
	Hazards - Other	
	Hazards - Sharp Edges	
	Hazards – Tripping	

	Infestation - Insects	
	Infestation – Rats/Mice/Vermin	
Hot Water Heater	Inoperable Unit/Components	
	Leaking Valves/Tanks/Pipes	
	Pressure Relief Valve Missing	
	Rust/Corrosion	

Attachment B: Uniform Physical Condition Standards for Single Family Housing Rehabilitation – Requirements for Site

Inspectable Item	Observable Deficiency	Type and Degree of Deficiency That Must Be Addressed
HVAC System	Inoperable	
	Misaligned Chimney/Ventilation System	
	Noisy/Vibrating/Leaking	
	Rust/Corrosion	
Kitchen	Cabinets - Missing/Damaged	
	Countertops - Missing/Damaged	
	Dishwasher/Garbage Disposal –	
	Leaking/Inoperable	
	Plumbing - Clogged Drains	
	Plumbing - Leaking Faucet/Pipes	
	Range Hood/Exhaust Fans - Excessive	
	Grease/Inoperable	
	Range/Stove - Missing/Damaged/Inoperable	
	Refrigerator- Missing/Damaged/Inoperable	
	Sink – Damaged/Missing	
Laundry Area (Room)	Dryer Vent – Missing/Damaged/Inoperable	
Lighting	Missing/Inoperable Fixture	
Outlets/Switches	Missing	
	Missing/Broken Cover Plates	
Patio/Porch/Balcony	Baluster/Side Railings Damaged	
Smoke Detector	Missing/Inoperable	
Stairs	Broken/Damaged/Missing Steps	
	Broken/Missing Hand Railing	
Walls	Bulging/Buckling	
	Damaged	

	Damaged/Deteriorated Trim	
	Peeling/Needs Paint	
	Water Stains/Water Damage/Mold/Mildew	
Windows	Cracked/Broken/Missing Panes	
	Damaged/Rotting Window Sill	
	Missing/Deteriorated Caulking/Seals/Glazing Compound	
	Inoperable/Not Lockable	
	Peeling/Needs Paint	
	Security Bars Prevent Egress	

APPENDIX A.3: Environmental Review

ENVIRONMENTAL REVIEW

Policy and Procedures

CDBG-DR requires that an environmental review be completed for every activity before funds (even non-CDBG-DR funds associated with the activity) are committed or expended. Such environmental reviews must comply with the National Environmental Policy Act of 1969 (NEPA) and the related authorities listed at 24 CFR Part 58. An environmental review must be conducted considering federal laws, authorities, and regulations which address noise, air quality, historic properties, floodplains, wetlands, water quality, solid waste disposal, manmade hazards, farmlands protection, wild and scenic rivers, coastal areas, endangered species and others. In accordance with 24 CFR Part 58, recipients, owners, developers, sponsors or any other third-party partners cannot take any physical actions on a site, begin construction, commit, expend, or enter into any legally binding agreements that constitute choice limiting actions for any HUD or non-HUD funds before the environmental review process has been completed and the jurisdiction has received a Release of Funds approval.

Tier I Review: Target Area Assessment

The Northern Marianas Housing Corporation (NMHC) may conduct a tiered environmental review under 24 CFR 58.15 for its CDBG-DR Action Plan. A tiered environmental review allows for a general assessment of the impacts of an activity on the environment prior to identification of a specific site. The Tier 1 review addresses and analyzes those environmental impacts related to the proposed activities that might occur on a typical site within the geographic area. The Tier 1 review also assesses project effects

related to a longer list of environmental factors (e.g., compatibility with surrounding land uses, conformance with zoning plans, nuisances that affect site safety, displacement of people or businesses, solid waste management, etc.). All environment compliance requirements satisfactorily resolved in this first level of review, meaning findings of no significant impact or impact requiring mitigation, are excluded from any additional examination or consideration once the Tier 1 review is completed. The Tier 1 review identifies those compliance requirements that cannot be resolved until specific project locations become known. Site specific issues that cannot be resolved in a Tier 1 review may include: aboveground storage tanks that present a safety hazard to buildings and occupants of buildings; new residential units located in close proximity to the airport which generates high levels of noise; soils that are not suitable for multifamily structures; asbestos removal that may be necessary; or other potential impacts. The Tier 2 Site Specific Review will address such issues.

Tier II: Site Specific Project Review

A review for each individual property is required once sites are selected. The Tier 2 review focuses only on the environmental compliance requirements that could not be resolved in the Tier 1 Target Area Assessment. The NMHC or Implementing Partners (recipients of DR funds) performs the Tier 2 review. When NMHC identifies specific properties or sites within the target area and is ready to obligate funds (e.g., to buy a property, finance repairs, demolish a structure, etc.) it will use the written standards, checklists and narratives set forth in the Tier 1 review process to determine if there are any environmental issues associated with the site. This Site-Specific Project Review documents in writing that compliance standards for the specific project are met, and that required mitigation measures, if any, will be incorporated into the project. The Tier 2 review must be completed before funds (including non-CDBG-DR funds) are committed or expended on the project. The Tier 2 Site Specific Project Review will be maintained in the project files.

Environmental Procedures

STEP 1: Environmental Review Determination

In accordance with above internal review procedures, the Project Manager and/or Housing Administrator will review the program/project scope of work and determine at what level of environmental review needs to be conducted. The environmental consultant will provide technical assistance and support on complex environmental issues. The NEPA classifications that will be determined are listed below:

1. **Exempt – Subject to Related Laws at 24 CFR 58.34**
   Activities that by their very nature will have no physical impact upon the environment are exempt from NEPA requirements as well as Part 58.5. In these cases, NMHC does not need to check for compliance with the requirements or perform an environmental review, consultation, or other action under NEPA. Some examples from NEPA requirements include:

   - Environmental studies, plans & strategies
   - Administrative & management expenses

- Inspections & testing properties
- Engineering or design costs
- Technical assistance & training
- Any of the CEST activities at §58.35(a) if Federal laws and authorities at §58.5 are not triggered

2. **Categorically Excluded, not Subject to 58.5. (24 CFR 58.35)**
Activities in this section are categorically excluded from the requirements at 58.5, due to HUD's determination that such activities will not alter any conditions that would require a NEPA review or a compliance determination under 58.5. When performing a categorically excluded activity not subject to 58.5, NMHC does not need to publish a Notice of Intent/Request for Release of Funds (NOI/RROF). Following the award of program funds, no further approval from HUD will be needed with respect to environmental requirements. Examples of categorically excluded, not subject to NEPA requirements are:

- Tenant-based rental assistance
- Supportive services
- Operating costs including maintenance, security, operation, utilities, furnishings, equipment, supplies, staff training and recruitment and other incidental costs
- Economic development activities not associated with construction or expansion of existing operations
- Activities to assist homebuyers
- Affordable housing pre-development costs
- Supplemental assistance of previously-approved project

3. **Categorically Excluded Subject to 58.5**
Any of the categorically excluded activities in 58.35 are exempt from NEPA, provided that there are no circumstances that require compliance with any other federal law and authorities cited in 58.5. Using the statutory checklist, and after consulting with applicable agencies and organizations, NMHC can designate an activity as exempt if it can show that none of the federal laws and authorities are triggered through funding this activity. The statutory checklist deals with non-NEPA regulation which grantees must adhere to such as historic and wildlife preservation, floodplain management, noise control, etc. Examples of categorically excluded, subject to NEPA requirements are:

- Acquisition, repair, improvement, reconstruction or rehabilitation of public facilities and improvements when:
  - Facilities and improvements are in place
  - No more than 20% change in size or capacity
  - No change in land use
- Removal of architectural barriers that restrict accessibility
- Rehabilitation of buildings and improvements:
  - Residential Structures of 1 – 4 units: no more than 4 units; no change in land use; cannot increase into floodplain or wetland
  - Multifamily Residential Structures: unit density does not change more than

20%; no change in land use; cost of rehab is less than 75% of replacement cost after rehabilitation
    - Commercial, Industrial and Public Buildings: size and capacity does not increase by more than 20%; no change in land use
- Individual action on up to four dwelling units (One 4-unit structure or four 1- unit structures or any combination in between):
- Individual action on a project of five or more housing units when sites are more than 2000 feet apart and no more than four units on any one site.
- Acquisition, disposition or finance of existing structure or vacant land if retained for same use.
- Combination of any of the above activities.

4. **Subject to an Environmental Assessment (24 CFR 58.36)**
   If a project is not exempt or categorically excluded under the above sections, NMHC must prepare an Environmental Assessment (EA). An EA is a concise public document that includes all the evidence and analysis supporting the NMHC's decision as to whether an environmental impact statement is warranted or if an activity will result in no significant impact to the environment. Examples when environmental assessments are needed are:

   - New Construction (more than five (5) units);
   - Construction of Public Facilities;
   - Infrastructure Development;
   - New construction, demolition and/or reconstruction of five or more single family units on scattered sites that are less than 2,000 feet apart;
   - Extending the footprint of a single-family unit into the floodplain or wetland area or expanding the footprint of a structure that is already in a floodplain or wetland area;
   - Major rehabilitation or reconstruction of multifamily residential units that increases or decreases the unit density more than 20 percent;
   - Conversion of a non-residential structure to create a residential use;
   - Acquisition of land for development of a housing subdivision;
   - Activities that are normally exempt or categorically excluded but have an extraordinary circumstance that requires further review.

   NMHC must file the completed checklist and a statement in the Environmental Review Record.

5. **Subject to an environmental impact statement (24 CFR 58.37)**
   If a project is subject to a full EA and is determined to have a potentially significant impact on the human environment, then an Environmental Impact Statement (EIS) is required. An EIS is also required if the project fits at least one of the following criteria:

   - It would provide a site or sites for or result in the construction of hospitals or nursing homes containing more than 2,500 or more beds;
   - It would remove, demolish, convert or substantially rehabilitate 2,500 or more

existing housing units or would result in the construction or installation of 2,500 or more housing units;
- It would provide enough additional water and sewer capacity to support 2,500 or more additional housing units.

The Loan/Grant Supervisor or Project Supervisor must concur on the final environmental review determination (such as "Conversion to Exempt" or issuance of a "FONSI"). Depending on the type of project, the grant specialist, construction inspector, or administrative assistant receives the environmental review document log, scan, and digitally file in the NMHC shared drive to ensure all environmental records are maintained together.

STEP 2: Preparation of Environmental Review

Once the level of environmental review is determined, the loan/grant supervisor or project supervisor will include the determination in the Environmental Assessment file. The loan/grant supervisor or project supervisor will prepare environmental records.

The estimated timeframe, depending on consultations require for completing Environmental Process is as follows:

Environmental Determination	Estimated Timeline for Preparation
Exempt	1 Day
Categorically Excluded not Subject to 58.5	1 Day
Categorically Excluded Subject to 58.5	30-75 Days
Environmental Assessment	45-100 Days
Environmental Impact Statement	1-2 Years

Tiered Environmental Review

Environmental Reviews may be tiered to avoid repetition. Tiered reviews are used to identify and evaluate issues ripe for decision, excluding issues not relevant to the program, policy or project. They are appropriate when:

- Evaluating a policy or proposal
- Early Stages of Development
- When site-specific analysis is not feasible and more narrowed and focused review is better done at a later date
- *Tiered environmental reviews are not appropriate for projects requiring an Environmental Assessment.*

This review is conducted to achieve both compliance and speed because it does not require upfront identification of assisted properties.

In short, a tiered review focuses on a specific geographical area to address and analyze environmental impacts related to the proposed activities that might occur on the typical project site within that area. The specific addresses/locations of the individual properties are not known at this time. However, once individual project sites are located, any remaining environmental compliance issues that could not be resolved until project locations became known are completed according to standards for approval previously established for the target area. NMHC's tiered review focuses on scattered sites located throughout a particular targeted area.

The Tier 1 addresses all laws and authorities possible and establishes a plan (narrative) for the site-specific or subsequent review. NMHC must publish a public notice of intent to request a release of funds (NOI/RROF) and submit RROF as described in Step 3.

The Tier 2 site-specific review does not require a public notice or RROF required unless there are unanticipated impacts or impacts that are not adequately addressed in the Tier 1 review.

8-Step Decision Making Process for Projects in the Floodplain

1. Determine whether the action is located in a 100-year floodplain (or a 500-year floodplain for critical actions).

2. Notify the public for early review of the proposal and involve the affected and interested public in the decision-making process.

3. Identify and evaluate practicable alternatives. Identify the project site selection criteria and consider several alternative sites and actions:
    A. Locate the project within the floodplain
    B. Consider modifying the project
    C. Obtain a Letter of Map Amendment (LOMA) or Letter of Map Revision (LOMR)

    or

    A. Locate the Project Outside of the Floodplain
    B. Consider other sites
    C. Consider no action or alternative actions that serve the same purpose

4. Identify Potential Direct and Indirect Impacts of Associated with Floodplain Development.

5. Where practicable, design or modify the proposed action to minimize the potential adverse impacts to lives, property, and natural values within the floodplain and to restore, and preserve the values of the floodplain.

6. Re-evaluate the Alternatives.

7. Determination of No Practicable Alternative

8. Implement the Proposed Action

STEP 3: Publication of Notice of Intent (NOI) Request for Release of Funds (RROF) and Finding of No Significant Impact (FONSI)

Categorical Exclusions
NMHC will publish a Notice of Intent to Request a Release of Funds (NOI/RROF) for projects that are Categorically Excluded Subject to §58.5 and projects requiring EAs, using the HUD recommended format. At a minimum, NMHC staff shall publish the NOI/RROF notice in a newspaper of general circulation and on the CDBG-DR website. Additionally, the following shall be notified:

1. Individuals and groups known to be interested in the activities
2. Appropriate tribal, local, State and Federal agencies

NMHC must consider the comments and make modifications, if appropriate, in response to the comments, before it certifies and submits the RROF to HUD. The public comment period is 7 days when published, counting from the day after the publication.

Environmental Assessments (EA)
If NMHC makes a Finding of No Significant Impact from an EA, it must prepare a Finding of No Significant Impact (FONSI) notice, using the HUD recommended format. At a minimum, NMHC staff shall publish the FONSI/NOI/RROF combined notice in a newspaper of general circulation and on the CDBG-DR website. Additionally, the following shall be notified:

1. Individuals and groups known to be interested in the activities
2. Appropriate tribal, local, State and Federal agencies

The FONSI public comment period is 15 days when published, counting from the day after the publication. NMHC typically publishes a FONSI notice at the same time it publishes the NOI/RROF. If the notices are released as a combined notice, the combined notice shall clearly indicate that it is intended to meet two separate procedural requirements; and, advise the public to specify in their comments which "notice" their comments address. The public comment period is 15 days when published, counting from the day after the publication.

COMMONWEALTH OF THE NORTHERN MARIANA ISLANDS
CIVIL SERVICE COMMISSION
OFFICE OF PERSONNEL MANAGEMENT
P.O. BOX 5153 CHRB, SAIPAN, MP 96950-5153
CSC TEL NO: (670) 233-1606
OPM TEL. NO: (670) 234-6925 / 6958| FAX NO. (670) 234-1013
CSC website: http://www.cnmicsc.net | OPM website: https://opm.cnmi.gov

RAYMOND M. MUÑA
Chairperson, CSC

JOSEPH M. PANGELINAN
Director of Personnel

NOTICE OF AMENDMENT TO PART 001 GENERAL PROVISIONS; PURPOSE AND SCOPE (NMIAC §10-20.2-001 through §10-20.2-020)

NOTICE OF INTENDED ACTION: The Commonwealth of the Northern Mariana Islands, Civil Service Commission ("Commission") intends to amend Part 001 General Provisions; Purpose and Scope, pursuant to the procedures of the Administrative Procedure Act, 1 CMC § 9104 (a). The amendment will become effective 10 days after compliance with 1 CMC § § 9102 and 9104 (a) as stipulated by 1 CMC § 9105 (b).

AUTHORITY: The Commission has statutory authority to promulgate and effect personnel regulations pursuant to 1 CMC § 8117, as amended by Public Law No. 17-80.

TERMS AND SUBSTANCE: The Commission proposes to adopt amendments to Part 001 General Provisions; Purpose and Scope codified as NMIAC § 10-20.2-001 through §10-20.2-020.

SUBJECTS AND ISSUES INVOLVED: The Commission proposes amendments to Part 001 of the Personnel Service System Rules and Regulations to ensure consistency with current employment laws and practices. Revisions include the removal of outdated language that no longer applies and the replacement of references from "Personnel Officer" to "Director of Personnel." These updates are necessary as Part 001 serves as the foundation of the regulations, setting the tone for subsequent proposed amendments.

DIRECTIONS FOR FILING AND PUBLICATION: The Civil Service Commission is soliciting comments regarding this proposed regulation, which must be received by the Commission within thirty (30) days of first publication of this notice in the Commonwealth Register, 1 CMC § 9104(a)(2). Interested parties may submit comments on the proposed amendments to Teresa Borja, Executive Assistant, Civil Service Commission, to the following address, or email address, with the subject line "Part 001 General Provisions."

CIVIL SERVICE COMMISSION
P.O. BOX 5153 CHRB
SAIPAN, MP 96950
Email address: staff@cnmicsc.net

Submitted by:

Raymond Muna
Chairperson, Civil Service Commission

3.3.2025
Date

Received by:

Oscar Babauta
Special Assistant for Administration

03/05/2025
Date

Filed and recorded by:

Esther San Nicolas
Commonwealth Registrar

03.06.2025
Date

I certify, pursuant to 1 CMC § 2153 (e) and 1 CMC § 9104 (a)(3), that I have reviewed and approved these regulations as to form and legal sufficiency.

Edward Manibusan
Attorney General

3/5/2025
Date

COMMONWEALTH GI SANGKATTAN NA ISLAS MARIÅNAS
KUMISIÓN SITBISIUN SIBIT
UFISINAN PERSONNEL MANAGEMENT
P.O. BOX 5153 CHRB, SAIPAN, MP 96950-5153
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CSC website: http://www.cnmicsc.net | OPM website: https://opm.cnmi.gov

RAYMOND M. MUÑA
Kabesiyu, CSC

JOSEPH M. PANGELINAN
Direktot Personnel

NUTISIA PUT I TINILAIKA GI
PÅTTI 001 GENERAL PROVISIONS; MINITU' YAN SCOPE
(NMIAC §10-20.2-001 asta §10-20.2-020)

I AKSIÓN NI MA'INTENSIONA: I Kumisión Sitbisiun Sibit ("i Kumisión") gi Commonwealth gi Sangkattan na Islas Mariånas ha intensiona para u amenda i Påtti 001 General Provisions; Minitu' yan Scope, sigun gi manera siha gi Åkton Administrative Procedure, 1 CMC § 9104 (a). I tinilaika siempri umifektibu gi halum dies (10) dihas dispues i makumpli' i 1 CMC § 9102 yan 9104 (a) komu dinimånda ni 1 CMC § 9105 (b).

ÅTURIDÅT: I Kumision Civil Service gai åturidåt estatua para u implimenta yan u huyung i regulasion personnel siha sigun i 1 CMC §8117, komu ma'amenda ni i Lai Pupbliku 17-80.

I TEMA YAN I SUSTÅNSIAN I PALÅBRA SIHA: I Kumisión mampropoponi para u adåpta i tinilaika siha gi Påtti 001 General Provisions; Minitu' yan Scope codified komu NMIAC § 10-20.2-001 asta §10-20.2-020.

I SUHETU NI NASUMÅRIA YAN ASUNTU NI TINEKKA: I Kumisión mampropoponi tinilaika gi Påtti 001 gi Areklamentu yan Regulasión Sitbisiun Personnel para u siguru na kumunsisti yan i prisenti na lai emplehu yan prinaktika siha. I tinilaika siha ingklusu i manasuhan i manma'pus na lingguåhi ni ti aplikåo esta siha yan i kuentan nu riniferin siha ginen i "Personnel Officer" para "Director of Personnel." Esti siha na mannuebu mannisissåriu komu Påtti 001 sumetbi komu i fondasión nu i regulasión siha, inestablesi para i tinåttiyi manmaproponi na tinilaika siha.

DIREKSION PARA U MAPO'LU YAN MAPUPBLIKASION: I Kumisión Sitbisiun Sibit manmamamaisin para upiñon put esti i manmaproponi na regulasión, ni debi di u marisibi ginen i Kumisión gi halum trenta (30) dihas ginen i finéne'na na pupblikasión esti na nutisia gi halum Rehistran Commonwealth, 1 CMC § 9104(a)(2). I manintiresåo na pattidå siña muna'halum upiñon siha gi manmaproponi na tinilaika siha guatu as Teresa Borja, Ayudåntin Eksakatibu, gi Kumisión Sitbisiun Sibit, gi tinåttiyi na address, osino email address, yan i suhetu na rason "Påtti 001 General Provisions."

CIVIL SERVICE COMMISSION
P.O. BOX 5153 CHRB
SAIPAN, MP 96950
Email address: staff@cnmicsc.net

Nina'hålum as:

Raymond Muna
Kabesiyu, Kumisión Sitbisiun Sibit

3.3.2025
Fetcha

Rinisibi as:

for

Oscar Babauta
Ispisiåt na Ayudånti para i Atministrasión

03/05/2025
Fetcha

Pine'lu yan ninota as:

Esther San Nicolas
Rehistran Commonwealth

03.06.2025
Fetcha

Hu testiguyi, sigun gi 1 CMC § 2153 (e) yan 1 CMC § 9104 (a)(3), na Hu ribisa yan aprueba esti na regulasión siha komu fotma yan ligåt sufisienti.

Edward Manibusan
Abugådu Heneråt

3/5/2025
Fetcha

COMMONWEALTH TÉÉL FALÚW KKA EFÁNG LLÓL MARIANAS
CIVIL SERVICE COMMISSION
BWULASIYOL PERSONNEL MANAGEMENT
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RAYMOND M. MUÑA
Chairperson, CSC

JOSEPH M. PANGELINAN
Director of Personnel

ARONGORONGOL LIIWEL NGÁLI
PART 001 GENERAL PROVISIONS; BWULUL ME "SCOPE"
NOTICE OF AMENDMENT TO

ARONGORONG REEL MÁNGEMÁNGIL MWÓGHUT: Commonwealth Téél Falúw kka Efáng llól Marianas, Civil Service Commission ("Commission") re mángemángil rebwe liiweli Part 001 General Provision; Bwulul me "Scope", sángi mwóghutughutúl Administrative Procedure Act, 1 CMC § 9104 (a). Ebwe bwunguló liiwel yeel seigh ráál mwiril aal angúúngú fengál me 1 CMC § 9102 me 9104 (a) iye e ffat sángi 1 CMC § 9105 (b).

BWÁNGIL: E yoor bwángil Commission rebwe aronga me ayoora mwóghutughutúl personnel sángi 1 CMC § 8117, iye e liiwel sángi Alléghúl Toulap No. 17-80.

KKAPASAL ME AWEEWEEL: Commission re ppwommw rebwe adóptááli liiwel ngáli Part 001 General Provision; Bwulul me "Scope" iye e itittiw bwe NMIAC § 10-20.2-001ngáli § 10-20.2-020.

KKAPASAL ME AUTOL: Commission re ppwommw rebwe ayoora liiwel ngáli Part 001 reel Alléghúl me Mwóghutghutúl Personnel Service System reel ebwe ffat ffééról fengál me alléghúl me mwóghutughutúl angaang. Ebwal schuulong llól siiwel rebwe milaaló kkapas ikka ese ffil me siiwelil "refernces" sángi "Personnel Officer" ngáli "Director of Personnel". Siiwel kkaal e ffil bwe Part 001 e lo bwe alisi mwóghutughut, e ffat me itittiw ngáli ppwommwol liiwel kkaal.

AFAL REEL AMMWELIL ME AKKATÉÉWOWUL: Civil Service Commission re tingór kkapas ikka e súllúngáli ppwommwol mwóghutughut, iye rebwe bwughi sángi Commission llól eliigh ráál mwiril aal akkatééwow arongorong yeel me llól Commonwealth Register, 1 CMC § 9104(a)(2). Schóó kka re tipáli rebwe isiisilong ischil kkapas rebwe isch ngáli Teresa Borja, Executive Assistant, Civil Service Commission, ngáli féléfél iye e amwirimwiritiw, fengál wóól subject line bwe "Part 001 General Provisions."

CIVIL SERVICE COMMISSION
P.O. BOX 5153 CHRB
SAIPAN, MP 96950
Email address: staff@cnmicsc.net

Isáliyalong:

Raymond Muna
Chairperson, Civil Service Commission

3/11/25
Ráál

Bwughiyal:

for
Oscar Babauta
Special Assistant ngáli Administration

03/05/2025
Ráál

Ammwelil:

Esther San Nicolas
Commonwealth Registrar

03.06.2025
Ráál

I affata, sángi 1 CMC § 2153 (e) me 1 CMC § 9104 (a)(3), bwe I ya takkal amwuri fischiiy me átirowa mwóghutughut kkaal bwe aa ffil reel ffééról me legal sufficiency.

Edward Manibusan
Soulemelemil Allégh Lapalap

3/5/2025
Ráál

Part 001 - General Provisions; Purpose and Scope

§ 10-20.2-001 Purpose

This subchapter implements the provisions of 1 CMC §§ 8101, et seq., and subsequent amendments thereto, which establish a Personnel Service System in the government of the Commonwealth of the Northern Mariana Islands that, under the guidance and oversight of the Civil Service Commission, will establish and administer personnel policies for the Commonwealth's employees, as mandated by Article XX of the Commonwealth Constitution.

§ 10-20.2-005 Policy

(a) It is hereby declared to be the policy of this subchapter to establish a system of personnel administration based on merit principles and generally-accepted methods to govern the classification of positions and the employment, conduct, movement, and separation of public officials and employees.

(b) It is also declared to be the purpose of these regulations to build a career service which will attract, select, and retain the best-qualified civil servants on merit who shall hold their offices or positions free from coercion, discrimination, reprisal, or political influences, with incentives in the form of genuine opportunities for promotion in the public service, and to provide competent and loyal personnel to render impartial service to the public at all times according to the dictates of ethics and morality. In order to achieve this purpose, it is declared to be the policy of the Commonwealth government that the personnel system hereby established be applied and administered in accordance with the following merit principles:

(1) Equal opportunity for all, regardless of age, race, color, religion, sex (including pregnancy and related condition, gender identity, and sexual orientation), ~~gender identity,~~ national origin, place of origin, marital status, political affiliation or belief, veteran status, genetic information, or disability;
(2) Impartial selection of the most able person for government service by means of objective and competitive evaluation and, where appropriate, competitive tests which are fair, objective, and practical;
(3) Just opportunity for competent employees to be promoted within the service;
(4) Reasonable job security for the competent and responsible employee;
(5) Systematic classification of all positions and personnel through adequate job descriptions and periodic performance evaluations;
(6) Fair and practical grievance procedures for all employees pertinent to condition of employment; and
(7) Flexibility in employer-employee relations to achieve and maintain a well-trained, productive, and happy work force.

§ 10-20.2-010 Coverage

(a) ~~(a)~~ This subchapter applies to all civil service employees and positions now ~~existing~~ or hereafter established in the ~~executive branch of the~~ Commonwealth government and all personnel services performed ~~for the executive branch~~, with the following exceptions:

~~(1) Employees and positions covered by the United States Civil Service System, until and unless exempted by the United States Office of Personnel Management or by United States law;~~

(~~2~~1) Persons or organizations retained by contract where the ~~Personnel Officer~~Director of Personnel has certified that the service to be performed is special and~~or~~ unique and nonpermanent, is essential to the public interest, and that because of the degree of expertise or special knowledge required and the nature of the services to be performed, it would not be practical to obtain personnel to perform such services through normal public service recruitment procedures;

(~~2~~3) Positions of a temporary nature needed in the public interest where certified by the Director of Personnel~~Personnel Officer~~ and when the need for the same does not exceed ninety (90) days; provided, however, that in the event of a disaster declared by the President of the United States or by the Governor, the Director of Personnel~~Personnel Officer~~ may extend the ninety (90)-day period for a maximum of an additional one hundred eighty (180) days for positions engaged in relief, repair, or rehabilitation as a result of such disaster;

(~~3~~4) Household and domestic employees at the official residence of the Governor;

(~~4~~5) Election inspectors, election clerks, and other election employees;

(~~6~~5) ~~Persons~~ Positions filled by election and ~~appointed~~ appointment by the Governor ~~to fill executive positions;~~

(~~6~~3) Employees of the Judiciary Branch and Legislative Branch;[3]

(7) Employees of the Commonwealth of the Northern Mariana Islands Municipalities;

(~~7~~8) Positions specifically exempted by ~~any other~~ law ~~of~~ or the Constitution of the Commonwealth of the Northern Mariana Islands;

~~(8) Personnel presently under contract of employment who are not included in subsection (a)(2) of this section but only during the life of the contract. No contract of employment shall be entered into, renewed, or amended after August 11, 1978, the effective date of the Civil Service Act, except subject to the provisions hereof;~~

~~(9) Any position involving intermittent performance which does not require more than forty hours in any one month;~~

~~(10) Positions of a part-time nature requiring the services of four hours or less per day but not exceeding one year in duration; and~~

~~(11) Positions of a temporary nature which involve special projects having specific completion dates which shall not exceed one year.~~

(b) The ~~Personnel Officer~~Director of Personnel shall determine the applicability of this section to specific positions not expressly covered by the Civil Service Act, 1 CMC §§ 8101, et seq.

§ 10-20.2-015 Scope

This subchapter covers nearly all aspects of personnel management and administration, and includes but is not limited to development and promulgation of personnel policy, staffing, position classification and compensation, employee relations, workplace standards~~, drug and alcohol free workplace~~, equal employment opportunity and the prohibition of discrimination, employee development ~~and~~ training, employee benefits and services[4], incentives and awards, performance evaluation, ~~employee health services, employee safety and accident prevention,~~ labor-management relations, personnel management program evaluation, ~~and~~ records and reports, and other special provisions. Each of the foregoing elements is presented in detail in subsequent parts of this subchapter.

§ 10-20.2-020 Eligibility for Employment

It is the policy of the government that the personnel system shall be applied and administered according to the principle of equal opportunity for all persons regardless of age, race, color, religion, sex (including pregnancy and related condition, gender identity, and sexual orientation), ~~gender identity~~, national origin, place of origin, marital status, political affiliation or belief, veteran status, genetic information, or disability.

COMMONWEALTH OF THE NORTHERN MARIANA ISLANDS
CANNABIS COMMISSION

BLDG., #1341, Asencion Ct., Capitol Hill
P.O. BOX 500135 Saipan, MP 96950
Email: compliance.cnmicc@gmail.com
Phone: (670) 488-0420
www.cnmicc.com

PUBLIC NOTICE OF ADOPTION OF PROPOSED RULES AND REGULATIONS FOR THE CNMI CANNABIS COMMISSION

INTENDED ACTION TO ADOPT THESE PROPOSED RULES AND REGULATIONS: The Commonwealth of the Northern Mariana Islands, CNMI Cannabis Commission ("the Commission") intends to adopt as permanent regulations the attached Proposed Regulations, pursuant to the procedures of the Administrative Procedure Act, 1 CMC § 9104(a). The Regulations would become effective 10 days after adoption and publication in the Commonwealth Register. (1 CMC § 9105(b))

AUTHORITY: The Commission has the authority to adopt rules and regulations in furtherance of its duties and responsibilities pursuant to Public Laws 20-66 and Public Law 21-05, including but not limited to 4 CMC 53008(b).

THE TERMS AND SUBSTANCE: The attached Rules and Regulations supplement the current regulations which govern and regulate the Cannabis Industry in the CNMI. The amendments declare unsuitable certain methods of operation which would negatively affect the cannabis industry in the CNMI.

THE SUBJECTS AND ISSUES INVOLVED: These rules and regulations:

1. Amend § 180-10.1-045 Definitions (tt)(i)
2. Amend § 180-10.1-045 Definitions (tt)(ii)
3. Amend § 180-10.1-045 Definitions (bbb)(1)
4. Add § 180-10.1-050 Further Definitions (a) – (f)
5. Amend § 180-10.1-320 (e)(1)
6. Amend § 180-10.1-320 (g)
7. Amend § 180-10.1-501 (c)(iv)
8. Add § 180-10.1-501 (c)(v)
9. Amend § 180-10.1-501 (i)
10. Amend § 180-10.1-501 (j)(2)
11. Amend § 180-10.1-501 (l)
12. Amend § 180-10.1-501 (s)
13. Amend § 180-10.1-505 (b)(3)
14. Add § 180-10.1-505 (b)(4)
15. Add § 180-10.1-510 Change of Location (a)(1)-(4)

16. Add § 180-10.1-510 Change of Location (b)(1)-(2)

17. Add § 180-10.1-710 Retailer Privileges; Prohibitions (3) (iii)(1)-(6)

18. Add § 180-10.1-710 Retailer Privileges; Prohibitions (3) (iv)

19. Remove § 180-10.1-710 Retailer Privileges; Prohibitions (b)(6)

20. Renumber § 180-10.1-710 Retailer Privileges; Prohibitions (b)(1)-(12) to reflect removal of (b)(6).

21. Amend § 180-10.1-1201 (j)(3)

22. Amend § 180-1530 Fees (a)(2)

23. Add § 180-10.1-1530 Fees (c)

DIRECTIONS FOR FILING AND PUBLICATION: These Proposed Regulations shall be published in the Commonwealth Register in the section on proposed and newly adopted regulations (1 CMC § 9102(a)(1)) and posted in convenient places in the civic center and in local government offices in each senatorial district; the notice shall be both in English and in the principal vernacular. (1 CMC § 9104(a)(1)).

TO PROVIDE COMMENTS: Send or deliver your comments to CNMI Cannabis Commission, *Attn: New Cannabis Commission Rules and Regulations*, at the above address, or email address, with the subject line "New Cannabis Commission Rules and Regulations". Comments are due within 30 days from the date of publication of this notice. Please submit your data, views or arguments.(1CMC § 9104(a)(2))

The CNMI Cannabis Commission approved the attached Regulations on the 21st day of November, 2024.

Submitted by: _____ _____
JUAN T. IGUEL — Date
Chairman of the Commission

Concurred by: _____ 1/28/25
Hon. ARNOLD I. PALACIOS — Date
Governor

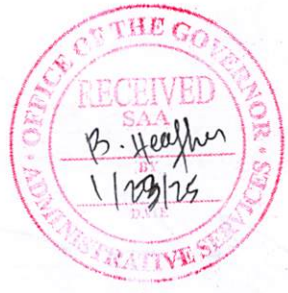
Filed and
Recorded by: _____ 03.14.2025
Esther R.M. San Nicolas — Date
Commonwealth Registrar



Pursuant to 1 CMC § 2153(e) (AG approval of regulations to be promulgated as to form) and 1 CMC § 9104(a)(3) (obtain AG approval) the proposed regulations attached hereto have been reviewed and approved as to form and legal sufficiency by the CNMI Attorney General and shall be published, 1 CMC § 2153(f) (publication of rules and regulations).

Dated this 17th day of March, 2025.

_____
Hon. EDWARD MANIBUSAN
Attorney General


OFFICE OF THE GOVERNOR
RECEIVED
SAA
B. Heather
1/23/25
DATE
ADMINISTRATIVE SERVICES

COMMONWEALTH GI SANGKATTAN NA ISLAS MARIÅNAS
KUMISIÓN CANNABIS

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P.O. BOX 500135 Saipan, MP 96950
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Tilifon: (670) 488-0420
www.cnmicc.com

NUTISIAN PUPBLIKU PUT I ADÅPTASION NU I MANMAPROPONI NA AREKLAMENTU YAN REGULASION SIHA PARA I KUMISIÓN CANNABIS

I AKSIÓN NI MA'INTENSIONA PARA U MA'ADÅPTA ESTI I MANMAPROPONI NA AREKLAMENTU YAN REGULASION SIHA: I Commonwealth gi Sankattan na Islas Mariånas, i CNMI Kumisión Cannabis ("i Kumisión") ha intensiona para u adåpta komu petmanienti na regulasion i mañechettun na Manmaproponi na Regulasion siha, sigun para i manera nu i Åkton Administrative Procedure, 1 CMC § 9104(a). I Regulasion siha siempri umifektibu gi dies (10) dihas dispues di adåptasión yan pupblikasión gi halum Rehistran Commonwealth. (1 CMC § 9105(b))

ÅTURIDÅT: I Kumision gai aturidåt para u adåpta i areklamentu yan regulasion siha para u makonsigi mo'na i iyon-ñiha ubligasion yan responsibilidåt siha sigun para Lain Pupbliku 20-66 yan Lain Pupbliku 21-05, kuntodu låo ti chi'ña para 4 CMC 53008(b).

I TEMA YAN SUSTÅNSIAN I PALÅBRA SIHA: I mañechettun na Areklamentu yan Regulasion siha ha suplimenta i prisenti na regulasion siha ni ha gubietna yan maneha i Industrian Cannabis gi halum iya CNMI. I tinilaika siha dumiklåra i ti manapropiu pattikulidåt na manera nu operasión ni siempri inafekta gi binåba i industrian cannabis gi halum iya CNMI.

SUHETU NI MASUMÅRIA YAN ASUNTU NI TINEKKA: Esti na areklamentu yan regulasion siha:

1. Amenda § 180-10.1-045 Sustånsian i Palåbra siha (tt)(i)
2. Amenda § 180-10.1-045 Sustånsian i Palåbra siha (tt)(ii)
3. Amenda § 180-10.1-045 Sustånsian i Palåbra siha (bbb)(1)
4. Na'hålum § 180-10.1-050 Mås na Sustånsian i Palåbra siha (a) – (f)
5. Amenda § 180-10.1-320 (e)(1)
6. Amenda § 180-10.1-320 (g)
7. Amenda § 180-10.1-501 (c)(iv)
8. Na'hålum § 180-10.1-501 (c)(v)
9. Amenda § 180-10.1-501 (i)

10. Amenda § 180-10.1-501 (j)(2)

11. Amenda § 180-10.1-501 (l)

12. Amenda § 180-10.1-501 (s)

13. Amenda § 180-10.1-505 (b)(3)

14. Na'hålum § 180-10.1-505 (b)(4)

15. Na'hålum § 180-10.1-510 Change of Location (a)(1)-(4)

16. Na'hålum § 180-10.1-510 Change of Location (b)(1)-(2)

17. Na'hålum § 180-10.1-710 Retailer Privileges; Prohibitions (3) (iii)(1)-(6)

18. Na'hålum § 180-10.1-710 Retailer Privileges; Prohibitions (3) (iv)

19. Na'suha § 180-10.1-710 Retailer Privileges; Prohibitions (b)(6)

20. Renumber § 180-10.1-710 Retailer Privileges; Prohibitions (b)(1)-(12) para u riflekta i mana'suhåña i (b)(6).

21. Amenda § 180-10.1-1201 (j)(3)

22. Amenda § 180-1530 Fees (a)(2)

23. Na'hålum § 180-10.1-1530 Fees (c)

DIREKSION PARA U MAPO'LU YAN PARA U MAPUPBLIKA: Esti i Manmaproponi na Regulasion siha debi na u mapupblika gi halum Rehistran Commonwealth gi seksiona ni manmaproponi yan nuebu na ma'adåpta na regulasion siha (1 CMC § 9102(a)(1)) ya u mapega gi kumbinienti na lugåt siha gi halum i civic center yan i ufisinan gubietnamentu siha gi kada distritun senadot, i nutisia debi u parehu Inglis yan i dos prinsipåt na lingguåhin natibu. (1 CMC § 9104(a)(1)).

PARA U MAPRIBENIYI UPIÑON SIHA: Na'hanåo pat intrega hålum i upiñom-mu guatu gi Kumision Cannabis iya CNMI, *Attn: Nuebu na Areklamentu yan Regulasion Kumision Cannabis siha*, gi sanhilu' na address, osino email address, yan i suhetu na råya "Nuebu na Areklamentu yan Regulasion Kumision Cannabis siha". I upiñon siha debi na u marisibi gi hålum 30 dihas ginin i fetcha nu pupblikasion esti na nutisia. Put fabot na'hålum infotmasion-mu, views pat agumentu siha. (1 CMC § 9102(a)(2)).

I CNMI Kumision Cannabis ma'aprueba i mañechettun na Regulasion siha gi diha 21st gi November, 2024.

Nina'hålum as: _____ _____
Juan T. Iguel Fetcha
Kabesiyun Kumisión

Finitma as: _____ 1/28/25
Hon. ARNOLD I. PALACIOS Fetcha
Maga'låhi

Rinisibi as: _____ 03/17/2025
Oscar M. Babauta Fetcha
Ispisiåt na Ayudånti para i Atministrasión

Pine'lu yan
Ninota as: _____ 03.14.2025
ESTHER R.M. SAN NICOLAS Fetcha
Rehistran Commonwealth

Sigun para 1 CMC § 2153(e) (I Abugådu Hiniråt ma aprueba i regulasion siha na para u macho´gui kumu fotma) yan i 1 CMC § 9104(a)(3) (hentan inaprueban Abugådu Hiniråt) i manmaproponi na regulasion siha ni mañechettun guini ni manmaribisa yan manma'aprueba kumu fotma yan sufisienti ligåt ginin i CNMI Abugådu Hiniråt yan debi na u mapupblika, 1 CMC § 2153(f) (pupblikasion areklamentu yan regulasion siha).

Mafetcha gi diha 14th gi March, 2025.

_____
Hon. EDWARD MANIBUSAN
Abugådu Heneråt


OFFICE OF THE GOVERNOR
RECEIVED
SAA
B. Heather
BY
1/23/25
DATE
ADMINISTRATIVE SERVICES

COMMONWEALTH TÉÉL FALÚW KKA EFÁNG LLÓL MARIANAS
CANNABIS COMMISSION

BLDG., #1341, Asencion Ct., Capitol Hill
P.O. BOX 500135 Saipan, MP 96950
Email: compliance.cnmicc@gmail.com
Phone: (670) 488-0420
www.cnmicc.com

ARONGORONG TOULAP REEL PPWOMMWOL LIIWEL ME MWÓGHUTUGHUT IKKA REBWE ADÓPTÁÁLI NGÁLI CNMI CANNABIS COMMISSION

MÁNGEMÁNGIL MWÓGHUT REEL REBWE ADÓPTÁÁLI PPWOMMWOL ALLÉGH ME MWÓGHUTUGHUT: Commonwealth Téél Falúw kka Efáng llól Marianas, CNMI Cannabis Commission ("Commission we") re mángemángil rebwe adóptáali bwe ebwe ffil ffééról Ppwommwol Mwóghutughut ikka e appasch, sángi mwóghutughutúl Administrative Procedure Act, 1 CMC § 9104(a). Ebwe bwunguló Mwóghutughut kkaal seigh ráál mwiril aar adóptáali me akkatééwowul me llól Commonwealth Register. (1 CMC § 9105(b))

BWÁNGIL: E yoor bwángil Commission reel rebwe adóptáali allégh me mwóghutughut llól ghatchúl me lemelemil sángi Alléghúl Toulap 20-66 me Alléghúl Toulap 21-05, e schuulong nge ese yúgh ngáli 4 CMC § 53008(b).

KKAPASAL ME AWEEWEEL: Allégh me Mwóghutughut ikka e appasch e ayoora maas ngáli mwóghutughut iye ebwe lemeli me aghatchú Cannabis Industry me llól CNMI. Liiwel e aronga mwóghutughut ikka ese fil iye ebwe anngawa mwóghutughutúl cannabis industry me llól CNMI.

KKAPASAL ME AUTOL: Allégh me mwóghutughut kkaal:

1. Liiweli § 180-10.1-045 Weeweel (tt)(i)
2. Liiweli § 180-10.1-045 Weeweel (tt)(ii)
3. Liiweli § 180-10.1-045 Weeweel (bbb)(1)
4. Aschuulong § 180-10.1-050 Maas reel Weeweel (a) – (f)
5. Liiweli § 180-10.1-320 (e)(1)
6. Liiweli § 180-10.1-320 (g)
7. Liiweli § 180-10.1-501 (c)(iv)
8. Aschuulong § 180-10.1-501 (c)(v)
9. Liiweli § 180-10.1-501 (i)
10. Liiweli § 180-10.1-501 (j)(2)
11. Liiweli § 180-10.1-501 (l)
12. Liiweli § 180-10.1-501 (s)
13. Liiweli § 180-10.1-505 (b)(3)

14. Aschuulong § 180-10.1-505 (b)(4)

15. Aschuulong § 180-10.1-510 Liiwelil Bwuléy (a)(1)-(4)

16. Aschuulong § 180-10.1-510 Liiwelil Bwuléy (b)(1)-(2)

17. Aschuulong § 180-10.1-710 Retailer Privileges; Prohibitions (3) (iii)(1)-(6)

18. Aschuulong § 180-10.1-710 Retailer Privileges; Prohibitions (3) (iv)

19. Siiweli § 180-10.1-710 Retailer Privileges; Prohibitions (b)(6)

20. Fféérú sefááli Páápál § 180-10.1-710 Retailer Privileges; Prohibitions (b)(1)-(12) ebwe bwáá siiwelil (b)(6).

21. Liiweli § 180-10.1-1201 (j)(3)

22. Liiweli § 180-1530 Fees (a)(2)

23. Aschuulong § 180-10.1-1530 Óbwóss (c)

AFAL REEL AMMWELIL ME AKKATÉÉWOWUL: Ebwe akkatééwow Ppwommwol Mwóghutughut kkaal me llól Commonwealth Register llól tálil ppwommwol me ffél mwóghutughut (1 CMC § 9102(a)(1)) me ebwe appaschetá me llól civic center me bwal llól bwulasiyol gobetnameento llól senatorial district; ebwe yoor arongorong yeel llól English me mwáliyaasch. (1 CMC § 9104(a)(1)).

REEL ISIISILONGOL KKAPAS: Afanga ngare bwughiló yóómw ischil kkapas ngáli CNMI Cannabis Commission, *Attn: New Cannabis Commission Rules and Regulations,* reel féléfél iye e lo weiláng, fengál wóól "subject line" bwe "New Cannabis Commission Rules and Regulations". Ebwe toolong llól eliigh ráál mwiril akkatééwowul arongorong yeel. Isiisilong yóómw data, views ngare angiingi (1 CMC § 9104(a)(2))

CNMI Cannabis Commission ra átirowa Mwóghutughut ikka e appasch wóól 21st ráálil November, 2025.

Isáliyalong: _____ _____
JUAN T. IGUEL — Ráál
Chairman-il Commission

Átirowal: _____ 1/28/25
Hon. ARNOLD I. PALACIOS — Ráál
Soulemelem

Ammwelil: _____ 03.14.2025
Esther R.M. San Nicolas — Ráál
Commonwealth Registrar

Sángi 1 CMC § 2153(e) (sángi átirowal AG bwe aa lléghló reel ffééról) me 1 CMC § 9104(a)(3) (sángi átirowal AG) reel ppwommwol mwóghutughut ikka ra takkal amwuri fischiiy bwe aa lléghló reel ffééról me legal sufficiency sángi Soulemelemil Allégh Lapalapal CNMI me ebwe akkatééwow, 1 CMC § 2153(f) (akkatééwowul allégh me mwóghutughut).

Ghikkill wóól 14th ráálil March, 2025.

_____
Hon. EDWARD MANIBUSAN
Soulemelemil Allégh Lapalap


OFFICE OF THE GOVERNOR
RECEIVED
SAA
B. Heafner
BY
1/23/25
DATE
ADMINISTRATIVE SERVICES

COMMONWEALTH OF THE NORTHERN MARIANA ISLANDS
CANNABIS COMMISSION

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P.O. BOX 500135 Saipan, MP 96950
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§ 180-10.1-045 Definitions. In this Subchapter 180-10.1 the following words have the following meanings, unless some contrary meaning is required:

(tt) (1) "Processes" means:
(i) The processing, compounding, or conversion of marijuana into marijuana products or marijuana concentrates or extracts;
(ii) The processing, compounding, or conversion of marijuana, either directly or indirectly by extraction from substances of natural origin, or independently by mechanical solventless means or of solvent-based chemical synthesis, or by a combination of extraction and chemical synthesis;

(bbb) (1) "Useable marijuana" means the dried leaves and flowers of marijuana, as well as kief—the loose collection of cannabis trichomes that have been separated from the dried cannabis buds, flowers, or sugar leaf trimmings by means of a mesh screen or sieve.
(2) "Useable marijuana" does not include:
(i) Marijuana seeds;
(ii) The stalks and roots of marijuana; or
(iii) Waste material that is by-product of producing or processing marijuana.

§ 180-10.1-050 Further Definitions. In this Subchapter 180-10.1 the following words have the following meanings, unless some contrary meaning is required:

(a) "Curbside" means alongside a driveway, pathway, access road or vehicular parking space within the premises of a lodging facility, residence or private premises, and does not mean alongside dedicated public rights-of-way or public roads.
(b) "Lodging" means temporary accommodation such as a Bed and Breakfast, hotel and motel as defined in Section 408 (c) and (g) of the Saipan Zoning Law of 2013.
(c) "Residence" means a place of abode as defined as "Residential Uses" in Section 406 of the Saipan Zoning Law of 2013.
(d) "Rights-of-way" includes, but is not limited to roads, streets, sidewalks, paths, trails, beds for roads or railways, bridges, bridge abutments, culverts, drains, and their foundations and supports, which are dedicated in whole or in part to the passage of people, animals, vehicles, and/or drainage water as defined in the Northern Mariana Islands Administrative Code § 155-20.1-005.
(e) "Road" means road, street, alley, way, or other thoroughfare through or over which vehicles travel as defined in the NMIAC § 155-20.1-005.

(f) "Secured compartment" means a portable or stationary mechanical or electronic lockable container, bag or vehicular compartment requiring a key, combination or keyless to open or allow access.

§ 180-10.1-320 Fees

a) If the Commission approves an application and grants an annual license, the following fees must be paid:
    1. Producers:
        i. Micro Production
            1. $250 Application Fee
            2. $500 License Fee
        ii. Class 1 – Less than 750 square feet under cultivation
            1. $500 Application Fee
            2. $1000 License Fee
        iii. Class 2 – 750 to 2,999 square feet under cultivation
            1. $750 Application Fee
            2. $3,700 License Fee
        iv. Class 3 – 3,000 to 5,000 square feet under cultivation
            1. $1,000 Application Fee
            2. $6,500 License Fee
    2. Processor License
        i. $1,000 Application Fee
        ii. $4,500 License Fee
    3. Wholesale License
        i. $250 Application Fee
        ii. $2,000 License Fee
    4. Retail License
        i. $1,000 Application Fee
        ii. $6,000 License Fee
    5. Marijuana Lounge License
        i. Class 1
            1. $1,500 Application Fee
            2. $5,000 License Fee
        ii. Class 2
            1. $1,500 Application Fee
            2. $3,500 License Fee
    6. Marijuana Testing Facility License
        i. $1,500 Application Fee
        ii. $4,500 License Fee
    7. Transfer of Ownership
        i. $500 Application Fee
b) If the Commission approves an application and grants a research certificate, the fee is $4,000 for a three-year term with an application fee of $500.
c) Applicants must pay the non-refundable application fee at the time of license or certificate application renewal.

d) If the Commission approves a renewal application the renewal license or certificate fees must be paid in the amounts specified in subsection (a)(1-6) of this provision.
e) The Commission shall charge the following fees:
    1. Change ~~Transfer~~ of location of premises review: $1,000 per license
    2. Change to previously approved package or label: $25
f) Based on cost of doing business, the Commission approves a provisional reduction of license fees and application fees of twenty-five percent (25%), as provided in 4 CMC § 53036 (e), on all license types within the municipalities of Tinian, Rota, and the Northern Islands.
g) The Commissioners representing the municipalities of Tinian, Rota, and the Northern Islands may reconsider the reduction in fees in ~~(g)~~ (f) of this provision within their respective municipalities as may be dictated by market demand for cannabis licenses.

Part 500 **LICENSE PREMISES**

§ 180-10.1-501 Licensed Premises Restrictions and Requirement
§ 180-10.1-505 Signage
§ 180-10.1-510 Change of Location

§ 180-10.1-501 Licensed Premises Restrictions and Requirement.
a) A licensed premises may not be located:
    1. On federal property; or
    2. CNMI Public Lands, with the exemption provided under 4 CMC § 53074.
b) The licensed premises of a producer applicant may not be on:
    1. Public land, with the exemption provided under 4 CMC § 53074; or
    2. The same lot as another producer licensee under common ownership.
c) The licensed premises of a retailer may not be located:
    1. Within 500 feet of:
        i. A public or private school;
        ii. Any church, hospital, medical clinic;
        iii. Daycare center;
        iv. Youth center; ~~or~~
        v. Children's public playground; or
        vi. In an area that is outside of the approved location for marijuana retail establishments.
d) The licensed premises of a processor who has an endorsement to process extracts may not be located in an area that is zoned exclusively for residential use.
e) The licensed premises of a processor, wholesaler, laboratory, research certificate holder, and retailer must be enclosed on all sides by permanent walls and doors.
f) A licensee may not permit:
    1. Any minor on a licensed premises except as described in § 180-10.1-501 (g) and (h); or

2. On-site consumption of a marijuana item, by any individual, except if the premises is licensed under 4 CMC § 53026.

g) Notwithstanding § 180-10.1-501 (f)(1), a minor, other than a licensee's employee, who has a legitimate business purpose for being on the licensed premises, may be on the premises for a limited period of time in order to accomplish the legitimate business purpose. For example, a minor plumber may be on the premises in order to make a repair.

h) Notwithstanding § 180-10.1-501 (f)(1), a minor who resides on the lot where a marijuana producer is licensed may be present on those portions of a producer's licensed premises that do not contain usable marijuana or cut and drying marijuana plants or have marijuana items in view or accessible range of the minor.

i) A licensee must clearly identify all limited access areas in accordance with § 180-10.1 501 (e).

j) All employees, contractors and licensee representatives present on the licensed premises must wear clothing or a badge issued by the licensee that easily identifies the individual as an employee, contractor or licensee representative.
   1. A licensee must record the name of every current employee and license representative.
   2. The licensee must record the name and date of birth ~~for~~ of that individual.

k) The general public is not permitted in limited access areas on a licensed premises, except for the consumer sales area of a retailer and as provided by § 180-10.1-501 (n). In addition to licensee representatives, the following visitors are permitted to be present in limited access areas on a licensed premises, subject to the requirements in § 180-10.1-501(l) and (m):
   1. Laboratory personnel, if the laboratory is licensed by the Commission;
   2. A contractor, vendor or service provider authorized by a licensee representative to be on the licensed premises;
   3. Another licensee or that licensee's representative;
   4. Invited guests subject to requirements of § 180-10.1-501 (l); or
   5. Tour groups as permitted under § 180-10SA.1-501 (n).

l) Prior to entering a licensed premises, all visitors permitted by § 180-10.1-501 (k) must be documented and issued a visitor identification badge from a licensee representative that must remain visible while on the licensed premises. A visitor badge is not required for government officials. All visitors described in § 180-10.1-501 (k) must be accompanied by a licensee representative at all times.

m) A licensee must maintain a log of all visitor activity allowed under § 180-10.1-501 (k). The log must contain the first and last name and date of birth of every visitor and the date they visited. A licensee is not required to record the date of birth for government officials.

n) A marijuana producer or research certificate holder may offer tours of the licensed premises, including limited access areas, to the general public if the licensee submits a control plan in writing and the plan is approved by the Commission.

1. The plan must describe how conduct of the individuals on the tour will be monitored, how access to usable marijuana will be limited, and what steps the licensee will take to ensure that no minors are permitted on the licensed premises.
2. The Commission may withdraw approval of the control plan if the Commission finds there is poor compliance with the plan. Poor compliance may be indicated by, for example, individuals on the tour not being adequately supervised, an individual on the tour obtaining a marijuana item while on the tour, a minor being part of a tour, or the tours creating a public nuisance.

o) Nothing in this rule is intended to prevent or prohibit Commission employees or contractors, or other government officials that have jurisdiction over some aspect of the licensed premises or licensee from being on the licensed premises.

p) A licensee may not sublet any portion of a licensed premises unless approved by the Commission.

q) A licensed premises may receive marijuana items only from a marijuana producer, marijuana processor, or marijuana wholesaler for whom a premises has been licensed by the Commission or as otherwise provided by these regulations.

r) Notwithstanding § 180-10.1-501 (f)(1) of this rule, a minor may pass through the licensed area of an outdoor producer in order to reach an unlicensed area, so long as the minor does not have access to areas that contain marijuana items.

s) Public facing windows of a licensed premises shall not permit the possibility of minors viewing cannabis products within the licensed premises.

§ 180-10.1-505 Signage

a) A licensee must post:
   1. At every licensed premises signs that states:
      i. No Minors Permitted Anywhere on This Premises; and
      ii. No On-Site Consumption of Marijuana if the location is not licensed under 4 CMC § 53026; and
   2. At all areas of ingress or egress to a limited access area a sign that reads: Do Not Enter – Limited Access Area – Access Limited to Licensed Personnel and Escorted Visitors.

b) All signs required by § 180-10.1-505 (a) must be:
   1. Legible composed of letters not less than one-half inch in height;
   2. In English; and
   3. Posted in a conspicuous location where the signs can be easily read by individuals on the license premises.
   4. Compliant with the zoning office's signage standards (if applicable).

§ 180-10.1-510 Change of Location

a) In the event a licensee proposes a change of location of its licensed premises, the licensee must:
   1. Submit a Change of Location application for the Commission's review;

2. Pay the non-refundable Change of Location application review fee as provided in § 180-10.1-320 (e)(1);
3. Receive the appropriate zoning authorization (if applicable) as provided in § 180-10.1-325 (b)(1); and
4. Obtain Commission approval for the location change.

b) Upon the Commission's approval of a licensee's Change of Location application, the licensee must:
1. Submit a written plan detailing the process for moving marijuana items to the new proposed or licensed location.; and
2. Submit a written report detailing the quantity and weight of all marijuana products and plants moved to the new proposed or licensed location.

§ 180-10.1-710 Retailer Privileges; Prohibitions

a) A retailer may:
1. Between the hours of 7:00 AM and 10:00 PM local time, sell marijuana items from the licensed premises to a consumer 21 years of age or older;
2. Sell:
   i. Marijuana items to a consumer 21 years of age or older within a licensed premises.
   ii. Marijuana waste to a producer, processor, wholesaler, or research certificate holder.
   iii. Returned marijuana items to a producer, processor or wholesaler who transferred the item to the retailer.
3. Deliver:
   i. Marijuana waste to a producer, processor, wholesaler, or research certificate holder.
   ii. Returned marijuana items to a producer, processor or wholesaler who transferred the item to the retailer.
   iii. Marijuana items to consumers off the licensed premises pursuant to bona fide orders received on the licensed premises prior to delivery in the following manner:
      1. In a registered and designated delivery vehicle;
      2. In a secured compartment such as a lockable container, bag, or vehicular compartment during transport;
      3. Must wear an employee badge;
      4. Must NOT be delivered in public places or alongside public rights-of-way or public roads;
      5. Must NOT be under the influence of drugs or alcohol; and
      6. Must NOT bear firearms.
   iv. Return undelivered marijuana items to the licensed premises.
4. Purchase and receive:

i. Usable marijuana, immature marijuana plants, and seeds from a producer or from a research certificate holder;
ii. Cannabinoid concentrates, extracts, and products from a processor or from a research certificate holder;
iii. Any marijuana item, except for whole, non-living marijuana plants, from a wholesaler; and
iv. Any marijuana item from a laboratory.

5. Refuse to sell marijuana items to a consumer;
6. Allow a laboratory licensee to obtain samples for purposes of performing testing as provided in these regulations;
7. Accept returned marijuana items that the retailer sold to a consumer and provide a refund or exchange with a product of equal or lesser value;
8. Sell marijuana items that have not been tested in a marijuana testing facility so long as the marijuana item marks or labels the product with a disclaimer that clearly reads "UNTESTED PRODUCT"; and
9. May sell immature marijuana plants and seeds to consumers, provided that the consumer presents valid homegrown marijuana registry information as determined by the Commission, and that the retailer maintains adequate records of sale.

b) A retailer may not:

1. Sell more than the following amounts to an individual at any [*one time transaction*]:
   i. 1 ounce of usable marijuana to recreational consumers;
   ii. 16 ounces of a cannabinoid product in solid form;
   iii. 72 ounces of a cannabinoid product in liquid form;
   iv. Five grams of cannabinoid extracts or concentrates, whether sold alone or contained in an inhalant delivery system; and
   v. Ten marijuana seeds.
2. Sell more than six immature marijuana plants to a single Homegrown Registry permit holder within a 90-day period.
3. Provide free marijuana items to recreational consumers.
4. Sell or give away pressurized containers of butane or other materials that could be used in the home production of marijuana extracts.
5. Discount a marijuana item if the retail sale of the marijuana is made in conjunction with the retail sale of any other items, including other marijuana items.
~~6. Sell a marijuana item at a nominal price for promotional purposes.~~
6. Permit consumers to be present on the licensed premises or sell to a consumer between the hours of 10:00 p.m. and 6:59 a.m. local time the following day.

7. Sell a product that contains cannabinoids and is intended for human consumption, unless that product has been labeled and packaged in accordance with the applicable sections of these rules.
8. Sell or transfer a returned marijuana item where the original package has been altered, opened, damaged, or tampered with to another consumer.
9. Sell, transfer, deliver, purchase, or receive any marijuana item other than as provided in § 180-10.1-701 (a) of this rule.
10. Permit a consumer to open or alter a package containing a marijuana item or otherwise remove a marijuana item from packaging required by these rules within the licensed premises or in an area that the licensee controls;
11. Sell a marijuana item whose container does not precisely and clearly indicate the nature of its contents or in any way might deceive any customer as to the nature, composition, quantity, age or quality of such marijuana items.
12. Permit a consumer to bring marijuana items onto the licensed premises except for marijuana items being returned for refund or exchange as allowed by this rule.

§ 180-10.1-1201 Prohibited Conduct

j) Additional Prohibitions. A licensee may not:

3. Deliver marijuana to a consumer off the licensed premises, except for a marijuana retailer as provided in § 180-10.1-701 (3)(iii).

§ 180-10.1-1530 Fees

If the Commission approves an application and grants a Temporary Use of Marijuana Items at Special Events permit, the following fees must be paid:

a) Temporary Use of Marijuana Items at Special Events Permit:
   1) Application Fee - $500
   2) Permit Fee - $1000 for the duration the Special Event will take place.
b) Application and Permit Fees are non-refundable and shall be paid to the CNMI Treasury prior to receipt of permit.
c) The application fee is subject to the provisions in § 180-10.1-320 (f) and (g).


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Commonwealth of the Northern Mariana Islands
OFFICE OF THE GOVERNOR
Bureau of Environmental and Coastal Quality
P.O. Box 501304, Saipan, MP 96950-1304
DEQ Tel.: (670) 664-8500/01; Fax: (670) 664-8540
www.deq.gov.mp

PUBLIC NOTICE
OF PROPOSED AMENDMENTS TO SOLID WASTE MANAGEMNT REGULATIONS

NOTICE OF INTENDED ACTION: The Commonwealth of the Northern Mariana Islands, Office of the Governor, Bureau of Environmental and Coastal Quality (BECQ) intends to amend the Division of Environmental Quality (DEQ) Solid Waste Management Regulations pursuant to the procedures of the Administrative Procedure Act (APA), 1 CMC § 9104(a).

AUTHORITY: These amendments are promulgated under the authority of BECQ pursuant to 2 CMC § 3121 to issue regulations to carry out its policies and purposes, including to develop and administer programs to prevent or regulate activities as necessary to protect the public health or welfare from any significant adverse effect of the discharge of pollutants. 2 CMC § 3122.

TERMS AND SUBSTANCE:

BECQ, in an effort to operate a federally compliant solid waste program in the CNMI, seeks to amend the existing SWM regulations to include provisions for a "Small Community Exempt Landfill" (SCEL). The proposed amendments will, among other things:

- Define the scope of a "Small Community Exempt Landfill" (SCEL).
- Update the definition of "Zero Waste."
- Identify the requirements that must be met for a waste disposal facility to be included under the SCEL definition.
- Identify permit conditions and lifespan.
- Identify BECQ's role in issuing and administering SCEL permits.

CITATION OF AFFECTED REGULATIONS: The proposed amendments will update multiple existing regulations and adopt new regulations in NMIAC Chapter 65-130.

DIRECTIONS FOR FILING AND PUBLICATION: The proposed amendment shall be published in the Commonwealth Register in the section on proposed and newly adopted regulations (1 CMC § 9201(a)(1)) and posted in convenient places in the civic center and in local governmental offices in each senatorial district, both in English and in the principal vernacular (1 CMC § 9104(a)(1)).
COMMENTS: Interested parties may submit written comments on the proposed amendment to Michael Tan, BECQ Environmental Engineer, to the following address, fax, or email address, with the subject line "Proposed SCEL Amendment to the Solid Waste Management Regulations."

BUREAU OF ENVIRONMENTAL AND COASTAL QUALITY
PO Box 501304, Saipan, MP 96950
Fax: (670) 664-8500
Email: michael.tan@becq.gov.mp

Comments are due by **5pm ChST on Monday, May 19th**. In addition, a public hearing will be held on May 26 at 5:00pm in the BECQ-DCRM Learning Center on the third floor of the Gualo Rai Center in Gualo Rai, Saipan. 1 CMC § 9104(a)(2). The public hearing will be accessible online via GoogleMeet at the following link: meet.google.com/uia-qpwd-xwn

Submitted by:

Mr. Floyd Masga
Administrator, BECQ

3/14/2025
Date

Received by:

for Mr. Oscar M. Babauta
Special Assistant for Administration

03/14/2025
Date

Filed and Recorded by:

Ms. Esther R.M. San Nicolas
Commonwealth Registrar

03.14.2025
Date

I certify, pursuant to 1 CMC § 2153(e) and 1 CMC § 9104(a)(3), that I have reviewed and approved these regulations as to form and legal sufficiency.

Mr. Edward Manibusan
Attorney General

3/14/2025
Date


RECEIVED
SA
BY
3/17/25
DATE

Commonwealth gi Sangkattan na Islas Mariånas
UFISINAN GUBIETNU
Ahensian Kuålidåt Uriyan I Tanu' yan I Tasi
P.O. Box 501304, Saipan, MP 96950-1304
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NUTISIAN PUPBLIKU PUT I MANMAPROPONI NA TINILAIKA SIHA GI REGULASIÓN MANINENGKÅTGA BASULA

NUTISIA I MA'INTENSIONA NA AKSION: I Ufisinan Gubietnu, i Ahensian Kuålidåt Uriyan I Tanu' yan I Tasi (i BECQ) gi Commonwealth gi Sangkattan na Islas Mariånas ha intensiona para u amenda i Regulasión Maninengkåtga Basula gi Dibisión Kuålidåt Uriyan I Tanu' (i DEQ) sigun gi maneran nu i Åkton Administrative Procedure (APA), 1 CMC § 9104(a).

ÅTURIDÅT: Esti siha na tinilaika ma'implimenta gi påpa' i åturidåt i BECQ sigun gi 2 CMC § 3121 para u pribeni regulasión siha ni para u kåtga huyung iyon-ñiha plånu yan minitu' siha, kuntodu para u dibelop yan gubietna i prugråma siha para u pruhibi osino maneha i aktibidåt siha komu nisissåriu para u prutehi i hinemlu' pupbliku pat prumutehi ginen katkuet na siknifikånti na manna'låmin na hiniyung i inapplacha' siha. 2 CMC § 3122.

I TEMA YAN SUSTÅNSIAN I PALÅBRA:

I BECQ manånå'i ånimu para u matåttiyi i ginagåogåo ginen i fediråt na prugråma basula gi halum iya CNMI, manaliligåo para u amenda i maneksissisti na regulasión SWM siha para u ingklusu i "provisions" para i "Small Community Exempt Landfill" (SCEL). I mapropoponi na tinilaika siha siempri, entri ottru siha mas:

- Difina i "scope" nu i "Small Community Exempt Landfill" (SCEL).
- Na'prisenti i difinisión nu "Seru Basula."
- Aidentifika i ginagåogåo siha ni debi di u kumpli' para i fasilidåt manyuti' basula para u mana'hålum gi påpa' i difinisión SCEL.
- Aidentifika i kundisión lisensia yan i tiempon-ña.
- Aidentifika i pusisión-ña i BECQ gi mannånå'i yan magubiebietna lisensia SCEL siha.

SITASION I MANINAFEKTA NA REGULASION SIHA: I maproponi na tinilaika siha siempri manaprisenti muttiplika na maneksissisti na regulasión siha yan adåpta nuebu na regulasión siha gi halum NMIAC Chapter 65-130.

DIREKSION PARA U MAPO'LU YAN MAPUPBLIKA: I maproponi na tinilaika debi na u mapupblika gi halum Rehistran Commonwealth gi halum seksiona ni manmapropoponi yan nuebu na ma'adåpta na regulasion siha (1 CMC § 9201(a)(1)) yan u mapega gi halum kumbinienti na lugåt gi halum i civic center yan i ufisinan gubietnamentu siha gi kada distritun senadot, parehu Inglis yan i prinsipåt na lingguåhin natibu (1 CMC § 9104(a)(1)).

UPIÑON SIHA: I manintiresåo na pattidå siña ma'intrega hålum tinigi' upiñon gi manmaproponi na amenda siha guatu as Michael Tan, BECQ Environmental Engineer, gi tinåttiyi na manera, fax,

osino email address, yan i suhetu na rason "Manmaproponi na Tinilaika SCEL gi Regulasión Maninengkåtga Basula."

BUREAU OF ENVIRONMENTAL AND COASTAL QUALITY
PO Box 501304, Saipan, MP 96950
Fax: (670) 664-8500
Email: michael.tan@becq.gov.mp

I upiñon siha debi di u fanhålum åntis di **5pm ChST gi Lunis**, **Mayu 19**. Yan más, i inekkunguk pupbliku siempri magopti gi Mayu 26 gi 5:00pm gi halum i "BECQ-DCRM Learning Center" gi mina'tres na bibienda gi Gualo Rai Center iya Gualo Rai, Sa'ipan. 1 CMC § 9104(a)(2). I inekkunguk pupbliku siempri managuaha "online" gi GoogleMeet gi tinåttiyi na "link": meet.google.com/uia-qpwd-xwn

Nina'hålum as:

3/14/2025

Siñot Floyd Masga — Fetcha
Atministradót, BECQ

Rinisibi as:

for 03/14/2025

Siñot Oscar M. Babauta — Fetcha
Ispisiåt na Ayudånti para i Atministrasión

Pine'lu yan Ninota as:

03.14.2025

Siñora Esther R.M. San Nicolas — Fetcha
Rehistran Commonwealth

Hu testiguyi, sigun gi 1 CMC § 2153 (e) yan 1 CMC § 9104 (a)(3), na Hu ribisa yan aprueba esti na regulasión siha komu fotma yan ligåt sufisienti.

3/14/2025

Siñot Edward Manibusan — Fetcha
Abugådu Heneråt


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Commonwealth Téél Falúw kka Efáng llól Marianas
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ARONGORONGOL TOULAP
REEL PPWOMMWOL LIIWEL NGÁLI MWÓGHUTUGHUTÚL SOLID WASTE MANAGEMENT

ARONGORONGOL MÁNGEMÁNGIL MWÓGHUT: Commonwealth Téél Falúw kka Efáng llól Mariana, Bwulasiyol Soulemelem, Bureau of Environmental and Coastal Quality (BECQ) re mángemángil rebwe liiweli Mwóghutughutúl Solid Waste Management me Bwulasiyol Environmental Quality (DEQ) sángi mwóghutughutúl Administrative Procedure Act (APA), 1 CMC § 9104(a).

BWÁNGIL: Ebwe arongowow liiwel kkaal faal bwángil BECQ sángi 2 CMC § 3121 reel isiisiwowul mwóghutughut me ayoora lemelemil "policies" me bwulul, ebwe schuulong ayooral me lemelemil progróóma me attipa ngare lemelemil mwóghutughut ikka e ffil reel pileeyil ghatchúl meefiyeer toulap ghatch sángi towoowul "pollutants". 2 CMC § 3122.

KKAPASAL ME WEEWEEL: BECQ, llól aar angaang reel rebwe ayoora mwóghutughut iye e angúúngú fengál me federóód ngáli progróómal "Solid Waste" me llól CNMI, rebwe tabweey liiwel iye e lo llól mwóghutughutúl SWM ebwe schuulong peiráághil "Small Community Exempt Landfill" (SCEL). Ppwommwol liiwel e lo, llól bwal ákkááw kosas:

- Weeweel kkapas iye "Small Community Exempt Landfill" (SCEL).
- Ffééru sefááli weeweel "Zero Waste."
- Ebwe ghikkill meeta kka e ffil ebwe isiisilong ngáli Leeliyá "waste disposal" ebwe schuulong faal weeweel SCEL.
- Ebwe ghikkill "permit conditions" me "lifespan".
- Ebwe ghikkill meeta aar BECQ "role" llól isiisiwowul me lemelemil "SCEL permits".

KKAPASAL MWÓGHUTUGHUT IKKA E NNGAW: Ppwommwol liiwel kkaal ebwe ayoora ffél mwóghutughut ngáli ikka aa lo me adóptáali ffél mwóghutughut llól NMIAC Chapter 65-130.

AFAL REEL AMMWELIL ME AKKATÉÉWOWUL: Ebwe akkatééwow ppwommwol liiwel kkaal me llól Commonwealth Register llól tálil ppwommwol me ffél mwóghutughut ikka ra adóptáali (1 CMC § 9201(a)(1) me ebwe appaschetá llól civic center me bwal llól bwulasiyol gobetnameento llól senatorial district, fengál llól English me mwáliyaasch (1 CMC § 9104(a)(1)).

KKAPAS: Schóó kka re tipáli rebwe isiisilong ischil kkapas wóól ppwommwol liiwel kkaal rebwe ischi ngáli Micheal Tan, BECQ Environmental Engineer, reel féléfél iye e amwirimwiritiw, fax, ngare email address, fengál wóól subject line bwe "Proposed SCEL Amendment to the Solid Waste Management Regulations."

BUREAU OF ENVIRONMENTAL AND COASTAL QUALITY
PO Box 501304, Saipan, MP 96950
Fax: (670) 664-8500
Email: michael.tan@becq.gov.mp

Ebwe toolong ischil kkapas alas singko leeaslowas wóól Luunis, Mayu 19th. Bwal eew, ebwe yoor arongorongol toulap wóól Mayu 26 alas singko llól BECQ-DCRM Learning Center iye e lo third floor me Gualo Rai Center iye e lo Gualo Rai, Seipél. 1 CMC § 9104(a)(2). Ebwe bwal yoor arongorongol toulap iye ebwe lo "online" via "GoogleMeet" reel "link" iye e amwirimwiritiw: meet.google.com/uia-qpwd-xwn.

Isáliyalong:

3/14/2025

Mr. Floyd Masga — Ráál
Administrator, BECQ

Bwughiyal:

03/14/2025

Mr. Oscar M. Babauta — Ráál
Special Assistant ngáli Administration

Ammwelil:

03.14.2025

Ms. Esther R.M. San Nicolas — Ráál
Commonwealth Registrar

I átirow, sángi 1 CMC § 2153(e) me 1 CMC § 9104(a)(3), bwe I ya amwuri fischiiy me átirowa mwóghutughut kkaal bwe aa ffil reel ffééról me legal sufficiency.

3/14/2025

Mr. Edward Manibusan — Ráál
Soulemelemil Allégh Lapalap


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CHAPTER 65-80

SOLID WASTE MANAGEMENT REGULATIONS

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§ 65-80-005 Purpose & Prohibitions
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Appendix I 40 CFR 258 (1999)
Appendix II 40 CFR 257 (1999)

Chapter Authority: 1 CMC §§ 2646-2649; 1 CMC § 2650; 2 CMC §§ 3101-3135; 2 CMC §§ 3511-3521.

Chapter History: Amdts Adopted 43 Com. Reg. 47660 (Oct. 28, 2021); Amdts Proposed 43 Com. Reg. 47500 (Aug. 28, 2021); Adopted 23 Com. Reg. 18088 (June 19, 2001); Proposed 22 Com. Reg. 17329 (July 20, 2000).

Commission Comment: For a complete history of the authority of the Division of Environmental Quality (DEQ), see the commission comment to NMIAC chapter 65-10.

PL 6-30 (effective May 23, 1989), the "Commonwealth Solid Waste Management Act of 1989," codified as amended at 2 CMC §§ 3511-3521, specifically addresses the collection, disposal and management of solid waste in the Commonwealth. 2 CMC § 3515 empowers DEQ to issue permits for the collection and disposal of solid waste and to establish rules and regulations to enforce DEQ's powers under the act.

Executive Order No. 2013-24, promulgated at 35 Com. Reg. 34596 (Nov. 28, 2013), established a new Bureau of Environmental and Coastal Quality. This Order reorganized the Division of Environmental Quality as a division of the Bureau of Environmental and Coastal Quality, and provided that "all rules, orders, contracts, and agreements relating to the assigned functions lawfully adopted prior to the effective date of this Executive Order shall continue to be effective until revised, amended, repealed or terminated."

Part 001 - General Provisions

§ 65-80-001 Applicability

(a) The regulations in this chapter have been promulgated by the Division of Environmental Quality under the authority of Commonwealth Solid Waste Management Act, 1989, 2 CMC §§ 3511 to 3521; the Commonwealth Environmental Protection Act (CEPA), 1982, 2 CMC §§ 3101 to 3134, and the Commonwealth Environmental Amendments Act (CEAA), 1999, PL 11-103. The regulations in this chapter shall have the force and effect of law and shall be binding on all persons and other legal entities subject to the jurisdiction of the Commonwealth of the Northern Mariana Islands.

(b) The regulations in this chapter are applicable to all persons involved in the management of solid waste.

Modified, 1 CMC § 3806(d).

History: Adopted 23 Com. Reg. 18088 (June 19, 2001); Proposed 22 Com. Reg. 17329 (July 20, 2000).

§ 65-80-005 Purpose & Prohibitions

(a) The purpose of the regulations in this chapter is to establish the requirements and criteria for new and existing solid waste management activities and solid waste management facilities (SWMFs) including, but not limited to, municipal solid waste landfills and other landfilling operations, incineration, solid waste collection and transfer, materials processing, recycling, composting, and salvage. These requirements and criteria ensure the protection of human health and the environment.

(b) All new and existing solid waste management activities and SWMFs failing to comply with the regulations and criteria in this chapter are prohibited. Facilities for the disposal of solid waste that fail to satisfy the requirements of this chapter are considered open dumps, and the use of open dumps is prohibited.

Modified, 1 CMC § 3806(d).

History: Adopted 23 Com. Reg. 18088 (June 19, 2001); Proposed 22 Com. Reg. 17329 (July 20, 2000).

§ 65-80-010 Definitions

(a) Definitions from federal regulations incorporated by reference are included in the appendices to this chapter.

(b) The following are additional definitions included for clarity as they pertain to the CNMI Solid Waste Management Regulations, codified in this chapter:
(1) "Acts" mean the CEPA, SWMA, and the CEAA unless otherwise stated.
(2) "Bioconversion" means the processing of the organic fraction of the waste stream through biological or chemical means to perform composting or to generate products, including, but not limited to, fertilizers, feeds, methane, alcohols, tars, and other products. This term includes, but is not limited to, biogassification, acid hydrolysis, pyrolysis, and fermentation. This term does not include any form of incineration or methane gas extraction from a MSWLF.
(3) "CEAA" means Commonwealth Environmental Amendments Act, 1999, PL 11-103.
(4) "CEPA" means Commonwealth Environmental Protection Act, 1982, 2 CMC §§ 3101 to 3134.
(5) "CESQG wastes" means hazardous wastes from a conditionally exempt small quantity generator as defined in 40 CFR 261.5 (2021).
(6) "CFR" means the United States Code of Federal Regulations, 2021.
(7) "Closure" means those actions taken by the owner or operator of a solid waste management facility to cease disposal operations and to ensure that closure is in conformance with applicable requirements as described in part 200.
(8) "CNMI" or "Commonwealth" means the Commonwealth of the Northern Mariana Islands.

(9) "Collection" means the removal of solid waste from a generation or transfer point and the subsequent transport of the solid waste to a site/facility for further processing, additional transfer, or disposal.
(10) "Composting" means a process in which organic solid wastes, such as biosolids (sewage sludge), vegetative waste materials, manures, and non-treated wood chips and shavings, are biologically decomposed and stabilized under controlled conditions to produce a stable humus-like mulch or soil amendment. This term includes the processing of organic and non-treated wood waste materials for the generation of wood chips or other materials that can be used as soil amendment, planting mixes, mulches for horticultural and agricultural applications, landfill cover, and land reclamation.
(11) "Construction and demolition waste" means concrete, rock, brick, bituminous concrete, and masonry resulting from the demolition or razing of buildings or other structures. Construction and demolition waste does not include wood, composition roofing and roofing paper, steel, plaster, copper and other metals, friable asbestos, hazardous substances, or materials contaminated with waste paints, solvents, sealers, adhesives, or similar materials.
(12) "Convenience center" means waste handling facilities performing limited transfer station operations and receiving less than five tons per day of exclusively household/residential waste.
(13) "Cover material" means soil or other suitable material that has been approved by the Director of DEQ for use as cover material for solid waste at a MSWLF.
(14) "DEQ" means the CNMI Division of Environmental Quality.
(15) "Director" means the Director of the CNMI Division of Environmental Quality or person designated to act by the Director unless otherwise specified.
(16) "DPW" means the CNMI Department of Public Works unless otherwise specified.
(17) "Hazardous waste" means any waste defined as "hazardous waste" under 40 CFR 261.3 (2021).
(18) "Incineration" means the destruction of solid waste by combustion in a furnace designed for such purposes where solid waste essentially is reduced to ash, carbon dioxide and water vapor.
(19) "Municipal Small Communities Exemption Landfill" (SCEL) means any MSWLF that disposes of less than 20 tons of municipal solid waste daily, based on an annual average, and the MSWLF unit either
(a)serves a small community where surface transportation is interrupted for at least three consecutive months in a row each year, preventing access to a regional waste management facility, or
(b) has no practical waste management alternative and the landfill is located in an area that receives no more than 25 inches of precipitation per year.
(20) "Nuisance" means an act or an omission of an act which annoys, injures, or endangers the comfort, health, or safety of others, offends decency, or unlawfully interferes with, or obstructs or tends to obstruct, any public park, square, street, or highway, or in any way renders other persons insecure in life, or in the use of property.
(21) "Permit" means any authorization, license, or equivalent control document issued under the authority of DEQ that regulates the management of solid waste including location, design, construction, operation, groundwater monitoring, corrective action, closure, post-closure care, and financial assurance elements applicable to solid waste management activities and SWMFs.
(22) "Permit by rule" means an abbreviated procedure by which those solid waste

management facilities considered by the Director of DEQ to have limited impact to the community and the environment may begin operations in accordance with § 65-80-108 of this chapter.

(23) "Person" means an individual, firm association, co-partnership, political subdivision, government agency, municipality, industry, public or private corporation, or any other entity whatsoever.

(24) "Post-closure" means the requirements placed upon landfill disposal sites after closure to enable their environmental safety for a thirty-year period.
(25) "Premises" means tract or parcel of land with or without buildings.
(26) "Processing" means an operation to convert solid waste or recyclable materials into a useful product or prepare such materials for disposal.
(27) "Pyrolysis" means the process in which solid waste is heated in an enclosed device in the absence of oxygen to vaporize the waste, producing a hydrocarbon-rich gas capable of being burned for recovery or energy.
(28) "RCRA" means the federal Resource Conservation and Recovery Act, 1976, as amended to 2021, 42 USC §§ 6901 to 6992.
(29) "Recoverable materials" means materials that can be diverted from disposal for recycling or bioconversion. This term does not include batteries, pesticides, mercury-containing equipment, lamps, and aerosol cans subject to regulation as "universal waste" under 40 CFR Part 273 (2021).
(30) "Recycling" means the collection, separation, processing, recovery, and sale or reuse of recoverable materials that would otherwise be disposed of as solid waste, including but not limited to cardboard, newspaper, office paper, glass, aluminum containers, plastics, tires, and metal scraps, and is an integral part of a manufacturing process aimed at producing a marketable product made of postconsumer material.
(31) "Recycling drop-off facility" means a manned or unmanned structure or site for collection, manual segregation, and temporary storage of recoverable materials.
(32) "Recycling processing or materials recovery facility" means a structure or site that performs any or all of the activities required to process or recover recoverable materials for recycling, including collection, manual segregation, separation, sorting, baling, shredding, crushing, melting, temporary storage, and/or transportation of recoverable materials.
(33) "Reserved" means a section having no requirements and which is set aside for future possible rulemaking as a note to the regulated community.
(34) "Salvage" means the incidental removal of solid waste for reuse under the control of the facility owner or operator.
(35) "Solid waste" means any waste defined as "solid waste" under 40 CFR 261.2 (2021).
(36) "Solid waste disposal facility" means any facility which receives solid waste for ultimate disposal through landfilling or incineration. This term does not include recycling drop-off facilities, recycling processing or materials recovery facilities, or bioconversion facilities.
(37) "Solid waste management activity" means any activity that provides for the systematic administration of the collection, source separation, storage, transportation, transfer, transformation, processing, treatment, and disposal of solid waste.
(38) "Solid waste management facility" (SWMF) means any site at which solid wastes are aggregated for storage, transfer, transformation, processing, or disposal, including but not limited to municipal solid waste landfills (MSWLFs), (as defined under 40 CFR part 258 (2021) adopted by reference under part 200 of this chapter), non-municipal, nonhazardous waste disposal units that receive conditionally exempt small quantity generator (CESQG) waste (as defined under 40 CFR part 257 (2021) adopted by reference under part 300 of this chapter), transfer stations, recycling operations, or incinerators, but not including sites where a single person has collected his/her own solid wastes for a brief

period prior to removal to a solid waste management facility, unless such person has created thereby a public nuisance or health hazard.
(39) "Solid waste management permit" means a permit issued by DEQ to a public or private entity that is involved in the collection and disposal of solid waste.
(40) "Source separation" means separation of solid waste into some or all of its component parts at the point of generation of the solid waste.
(41) "Storage" means the holding of solid waste materials for any temporary period.
(42) "Stream" means the point at which any confined freshwater body of surface water reaches a mean annual flow rate of twenty feet per cubic second.
(43) "Surface water" means all lakes, rivers, ponds, streams, inland waters, salt waters and water courses within the jurisdiction of the CNMI.
(44) "SWMA" means Solid Waste Management Act, 1986, 2 CMC §§ 3511 to 3521.
(45) "Transfer station" means a site to which solid wastes are brought from their point of generation or previous transfer and where such wastes are temporarily stored prior to transfer to a site of additional transfer or separation, recycling, storage, processing, or disposal.
(46) "Treatment" means the physical, chemical or biological processing of solid waste to make such solid waste safer for storage or disposal, amenable for energy or material source recovery, or reduced in volume.
(47) "Used oil transporter" means a person licensed or certified under local, state, or federal requirements to transport used oil.
(48) "White goods" means electrical and mechanical appliances made primarily of metal parts such as refrigerators, clothes washers and dryers, microwaves, and televisions.
(49) "Zero Waste" means designing and managing products, packaging and processes to systematically avoid and eliminate the volume and toxicity of waste and materials, conserve, reuse, and recover all resources, and not burn or bury them. Implementing Zero Waste will eliminate all discharges to land, water, or air that are a threat to planetary, human, animal, or plant health.

History: Amdts Adopted 43 Com. Reg. 47660 (Oct. 28, 2021); Amdts Proposed 43 Com. Reg. 47500 (Aug. 28, 2021); Adopted 23 Com. Reg. 18088 (June 19, 2001); Proposed 22 Com. Reg. 17329 (July 20, 2000).

Part 100 - General Permit Requirements – Solid Waste Management Activities/Facilities

§ 65-80-101 Applicability

(a) It shall be unlawful for any person to perform solid waste management activities or own or operate a SWMF except in accordance with a permit issued under this chapter. All permit applications shall be submitted to DEQ, and all permits will be issued by DEQ. DEQ shall have the authority to impose requirements on all solid waste management activities and SWMFs to ensure compliance with these and all applicable regulations.

(b) Permits issued by DEQ shall be valid for five years following the date of issuance.

Modified, 1 CMC § 3806(d), (e).

History: Adopted 23 Com. Reg. 18088 (June 19, 2001); Proposed 22 Com. Reg. 17329 (July 20, 2000).

§ 65-80-102 Exemption

The following are exempted from requirements of this part. These exemptions do not apply to facilities regulated under 40 CFR parts 257 and 258 (1999).

(a) A single family or multiple residence composting only green or vegetative solid wastes generated on its premises.

(b) Minor facilities/activities not involving the disposal of municipal solid waste, as determined in writing by DEQ.

Modified, 1 CMC § 3806(d), (f).

History: Adopted 23 Com. Reg. 18088 (June 19, 2001); Proposed 22 Com. Reg. 17329 (July 20, 2000).

§ 65-80-104 Application for Permit

An application for a permit shall be completed on forms furnished by DEQ and shall include, but not be limited to the following:

(a) Name, address, and telephone number of the applicant;

(b) Type of application (new, revision, or renewal);

(c) A description of how the proposed solid waste management facility/activities complies with applicable regulations; certification of compliance with local ordinances and zoning requirements;

(d) A written description of the proposed solid waste management facility/activities, including information such as general plan of operation of the solid waste management facility/activities (e.g., collection, segregation, disposal, etc.); proposed method and length of operation; area/population to be served; characteristics, quantity, and source material to be managed; the use and distribution of processed materials; method of processed residue disposal; type of equipment to be used; number of solid waste management personnel and the responsibilities of personnel; source and type of cover material (if applicable); emergency operating procedures; frequency and proposed routes of transportation to be used for the solid waste management facility/activities;

(e) Detailed description of plans and specifications for the solid waste management facility/activities and a detailed map showing the location of the solid waste management facility/activities. Final design specifications shall comply with all applicable regulations and criteria including those found in parts 200 and 300 of this chapter and be submitted to DEQ for approval prior to commencement of operations/activities;

(f) For MSWLF and non-municipal non-hazardous waste disposal units receiving CESQG wastes, a description of the plans for ground-water monitoring and corrective action as required in parts 200 and 300 of this chapter;

(g) For MSWLF, description of the plans for the closure and post-closure as required in part 200 of this chapter;

(h) For MSWLF, description of the how the facility will meet the financial assurance requirements as required in part 200 of this chapter;

(i) Other specific requirements as stated for each facility/activity.

Modified, 1 CMC § 3806(c), (d), (f).

History: Adopted 23 Com. Reg. 18088 (June 19, 2001); Proposed 22 Com. Reg. 17329 (July 20, 2000).

§ 65-80-106 Fees

(a) Every applicant for a permit shall pay a permit application fee in accordance with the following fee schedule:
(1) Recycling Drop-Off Facility — $250
(2) Automotive, Scrap Metal, and White Goods Salvage Facilities — $250
(3) Recycling Processing or Recovery Facility — $500
(4) Transfer Station — $500
(5) Bioconversion Facility — $500
(6) Construction and Demolition Waste Landfill — $1,000
(7) Solid Waste Disposal Facility — $1,000

(b) Permit application fees shall be paid by check made payable to the CNMI Treasury.

(c) Government agencies applying for a permit are exempt from the requirement to pay an application fee.

(d) Payment of the permit application fee is due upon submission of an initial application and for each renewal application.

Modified, 1 CMC § 3806(a).

History: Amdts Adopted 43 Com. Reg. 47660 (Oct. 28, 2021); Amdts Proposed 43 Com. Reg. 47500 (Aug. 28, 2021); Adopted 23 Com. Reg. 18088 (June 19, 2001); Proposed 22 Com. Reg. 17329 (July 20, 2000).

§ 65-80-108 Permit by Rule

(a) Notwithstanding any other provision of these rules, the following types of facilities shall be deemed to have a permit if all applicable conditions are met:
(1) Recycling drop-off facilities that store less than one ton of recoverable materials at any one time.
(2) Composting facilities that store less than one ton of organic solid wastes at any one time.
(3) Automobile salvage facilities that store fewer than 10 automobiles at any one time.
(4) White goods salvage facilities that store fewer than 10 white goods at any one time.

(b) General Conditions.
(1) At least thirty (30) days prior to commencing the activities covered under a permit by rule, written notification of such activity must be made to DEQ. The notification shall be accompanied by a $50 administrative fee. Persons failing to notify DEQ of such activities shall be deemed to be operating without a permit.
(2) No regulated hazardous waste in accordance with 40 C.F.R. Part 261 may be collected, transported, or disposed at any of the facilities.
(3) Suitable means shall be employed to prevent solid wastes from scattering and to control litter, odors, and vectors such as rodents and insects.
(4) Suitable means shall be employed to prevent and control fires, including an emergency response plan when appropriate.
(5) It is the responsibility of the facility owner and/or operator to comply with all the local rules, regulations, and ordinances, and DEQ may add additional conditions deemed appropriate.
(6) Each facility shall be supervised, secured, and have a permanent sign identifying the facility, hours and days of operation, materials accepted or not accepted, the name and contact information for the facility owner and/or operator, and other pertinent information.

(c) Conditions for Recycling Drop-Off Facilities.
(1) Scavenging at the facility by the general public is prohibited.
(2) An annual report shall be prepared and submitted to DEQ reporting the weights and types of recoverable materials received and distributed (including all materials sold, disposed, or otherwise shipped offsite) between July 1-June 30. The report is due on July 31 of each year.

(d) Conditions for Composting Facilities.
(1) The finished compost must be sufficiently stable that it can be stored or applied on land without producing a nuisance.
(2) An annual report shall be prepared and submitted to DEQ reporting the tonnage between July 1-June 30 of solid waste accepted, composted tonnage produced, and disposed (including all waste removed from the facility for disposal). The report is due on July 31 of each year.
(3) No used cooking oil, treated lumber, stained or painted wood, or biosolids (sewage sludge) may be accepted or processed for composting.

History: Amdts Adopted 43 Com. Reg. 47660 (Oct. 28, 2021); Amdts Proposed 43 Com. Reg. 47500 (Aug. 28, 2021); Adopted 23 Com. Reg. 18088 (June 19, 2001); Proposed 22 Com. Reg. 17329 (July 20, 2000).

§ 65-80-110 Regulatory Agency Review

(a) DEQ may require any additional information necessary to issue permits that are adequate to ensure compliance with the local and federal regulations and to ensure protection of public health and the environment of the CNMI.

(b) DEQ shall within a reasonable amount of time from the date the application is received and the payment of the application fee, notify the applicant in writing if any

additional information or items are required. Within 180 days of the receipt of a complete application DEQ will notify the applicant of approval or disapproval.

(c) The 180 days' time period will be tolled for any requests for additional information and for the public comment period.

(d) Within one hundred eighty days of receiving a complete application, and after consideration of public comments in accordance with § 65-80-112, DEQ shall:
(1) Approve an application for a permit if the application and the supporting information clearly show that the issuance thereof does not pose a threat to the environment, public health, or welfare, and that the solid waste management activity or SWMF is designed, built, and equipped to operate without causing a violation of applicable rules and regulations;
(2) Deny an application for a permit if the application and supporting information clearly show that the issuance, thereof, poses a threat to the environment, public health, or welfare, or that solid waste management activity or SWMF is not designed, built, and equipped to operate in compliance with applicable rules and regulations.
(3) With the exception of all federally-approved and delegated programs, if no determination on a permit application has been made one hundred eighty days after receipt of a complete application, the application shall be considered approved provided that the applicant acts consistently with the application and all plans, specifications, and other information contained therein. The permittee shall be subject to all applicable or relevant and appropriate federal and CNMI laws and regulations.

Modified, 1 CMC § 3806(c), (e), (g).

History: Adopted 23 Com. Reg. 18088 (June 19, 2001); Proposed 22 Com. Reg. 17329 (July 20, 2000).

Commission Comment: In subsection (d)(3), the Commission corrected the spelling of "permittee."

§ 65-80-112 Public Notice, Public Comment Period, and Public Hearing

(a) Before issuing a permit for a MSWLF, and before issuing any other permits covered by this chapter which DEQ determines warrant public participation, representatives of DEQ shall conduct a public hearing pursuant to 2 CMC § 3122(d) regarding DEQ's intention to issue such a permit and give public notice providing for a forty-five-day public review and comment period on the permit application documents and on the proposed action. The contents of the public notice shall include at least the following:
(1) Name, address, and phone number of DEQ and applicant;
(2) Brief description of each applicant's activities or operations;
(3) A short description of the location of the MSWLF, or other solid waste management activity or SWMF indicating whether such MSWLF, or solid waste management activity or SWMF is new or existing;
(4) Address and phone numbers of premises at which interested persons may obtain further information and inspect a copy of the application and supporting documents.

(b) A public hearing shall be held no less than twenty-one days from the start of the public comment period. DEQ shall address public comments at the hearing. Comments received at the public hearing and during the public comment period shall be considered in making a decision and DEQ shall prepare written responses to all significant comments. The response to comments shall be made available to the public upon request.

Modified, 1 CMC § 3806(d), (e).

History: Adopted 23 Com. Reg. 18088 (June 19, 2001); Proposed 22 Com. Reg. 17329 (July 20, 2000).

§ 65-80-114 Public Notification of Permit Determination

Pursuant to CEPA, DEQ shall make known to the public through public notice its determinations regarding any MSWLF permit, or other any other solid waste management activity or SWMF permit which DEQ has determined warrants public participation under § 65-80-112, within thirty days of such a determination.

Modified, 1 CMC § 3806(c), (e).

History: Adopted 23 Com. Reg. 18088 (June 19, 2001); Proposed 22 Com. Reg. 17329 (July 20, 2000).

§ 65-80-116 Effect of the Permit

(a) Written acceptance of any and all permit conditions by the applicant shall be necessary prior to any commencement of facility construction/operation or prior to commencement of any activities for which the permit is required;

(b) The owner or operator must notify DEQ that construction, operations, or activities have been completed in accordance with the approved plans and specifications;

(c) Prior to commencement of the permitted facility, operation, or activity, an inspection will be conducted by DEQ to confirm that the facility, operations, or activities are ready to commence in compliance with applicable requirements.

History: Adopted 23 Com. Reg. 18088 (June 19, 2001); Proposed 22 Com. Reg. 17329 (July 20, 2000).

§ 65-80-118 Modification of Existing Permits

(a) DEQ may, on its own motion or the application of any person, modify a permit if, after affording the applicant an opportunity for a hearing, the Director determines that:
(1) Any condition of the permit has been violated or due to change in any condition requiring either a temporary or permanent reduction or elimination of the permitted activity or facility.
(2) There is a change in the applicable laws or regulations governing solid waste management.
(3) Such an action is in the public interest.

(b) DEQ shall develop a schedule to revisit and reissue all existing permits affected by the change in the law or regulations at the time of the change. Modification of the permit shall become final ten days after service of notice of the final decision to modify the permit.

Modified, 1 CMC § 3806(e).

History: Adopted 23 Com. Reg. 18088 (June 19, 2001); Proposed 22 Com. Reg. 17329 (July 20, 2000).

§ 65-80-120 Suspension of Permit

(a) DEQ may, on its own motion or based on the application of any person, suspend a permit if, alter affording the applicant an opportunity for a hearing, DEQ determines that:
(1) Any condition of the permit has been violated;
(2) Any statute or regulation of the local or federal government has been violated; or
(3) Or such an action is in the public interest.

(b) The permit shall be suspended until all conditions of the permit are met or all violations have been properly corrected. Suspension of a permit shall become final ten days after service of notice of the final decision to suspend on the holder of the permit.

Modified, 1 CMC § 3806(e), (f).

History: Adopted 23 Com. Reg. 18088 (June 19, 2001); Proposed 22 Com. Reg. 17329 (July 20, 2000).

§ 65-80-122 Revocation of Permit

(a) DEQ may on his own motion or the application of any person, revoke any permit if, after affording the applicant an opportunity for a hearing, DEQ determines that:
(1) There is a violation of any condition of the permit;
(2) The permit was obtained by misrepresentation, or failure to disclose fully all relevant facts;
(3) There is change in any condition that requires either a temporary or permanent reduction or elimination of the permitted disposal; or
(4) Such an action is in the public interest.

(b) Revocation of a permit shall become final ten days after service of notice of the final decision to revoke on the holder of the permit.

Modified, 1 CMC § 3806(e).

History: Adopted 23 Com. Reg. 18088 (June 19, 2001); Proposed 22 Com. Reg. 17329 (July 20, 2000).

§ 65-80-124 Permit Renewal

The permittee must apply for renewal of the permit sixty days before the permit expires. At the time of renewal of a solid waste management permit, the facility is reevaluated and the permit conditions updated to reflect changes to the current operational procedures. The

criteria for permit renewal determination is the same as for the initial application and shall be in accordance with §§ 65-80-104 through 65-80-116 of this chapter.

Modified, 1 CMC § 3806(c), (d), (e), (g).

History: Adopted 23 Com. Reg. 18088 (June 19, 2001); Proposed 22 Com. Reg. 17329 (July 20, 2000).

Commission Comment: The Commission corrected the spelling of "permittee."

§ 65-80-126 Transfer of Permit

A permit shall not be transferable, whether by operation of law of or otherwise, either from one location to another, from one SWMF to another or from one person to another, without the written approval of DEQ. A transfer shall not be approved by the Director unless he determines that all applicable laws and regulations have been and will continue to be complied with after the transfer and only if the transferee provides a written assurance that it will so comply.

History: Adopted 23 Com. Reg. 18088 (June 19, 2001); Proposed 22 Com. Reg. 17329 (July 20, 2000).

§ 65-80-128 Reporting Termination

Sixty days prior to closure any person issued a permit shall report the permanent termination of the solid waste management activity or SWMF for which the permit has been issued to DEQ and within the thirty days after the closure shall surrender the permit to DEQ. DEQ may approve immediate closure of any SWMF if the facility poses a major threat to human health and the environment.

Modified, 1 CMC § 3806(e).

History: Adopted 23 Com. Reg. 18088 (June 19, 2001); Proposed 22 Com. Reg. 17329 (July 20, 2000).

§ 65-80-130 Posting of a Permit

Upon granting an approval for a permit, DEQ shall issue to the applicant a permit that shall be posted in a conspicuous place at or near the operation site for which the permit was issued.

History: Adopted 23 Com. Reg. 18088 (June 19, 2001); Proposed 22 Com. Reg. 17329 (July 20, 2000).

§ 65-80-132 Falsifying or Altering a Permit

No person shall knowingly deface, alter, forge, counterfeit, or falsify a permit. If the permit holder, his agents or employees, are found responsible for any such activity it shall bring about immediate revocation of the permit.

History: Adopted 23 Com. Reg. 18088 (June 19, 2001); Proposed 22 Com. Reg. 17329 (July 20, 2000).

§ 65-80-134 Annual Reporting

The permittee shall submit an annual report to DEQ with information including the total volume and types of solid waste collected and the average number of individual residences or households and businesses serviced by the permittee on a weekly basis. The annual reports also shall be submitted with the application for a MSWLF permit renewal.

History: Adopted 23 Com. Reg. 18088 (June 19, 2001); Proposed 22 Com. Reg. 17329 (July 20, 2000).

§ 65-80-136 Conformance with Other CNMI and Federal Regulations

The owner or operator of a solid waste management activity or a SWMF must comply with any other applicable Commonwealth or federal rules, laws, regulations, or other requirements. Compliance with the regulations in this chapter does not exempt the owner or operator of a solid waste management activity or a SWMF from complying with such applicable Commonwealth or federal requirements.

Modified, 1 CMC § 3806(f).

History: Adopted 23 Com. Reg. 18088 (June 19, 2001); Proposed 22 Com. Reg. 17329 (July 20, 2000).

§ 65-80-138 Inspection

(a) Representatives of DEQ, in accordance with the law, may enter and inspect a facility for the purpose of conducting inspections adequate to determine compliance with the solid waste management regulations including the terms of a permit. The inspections may be made with or without advance notice, with good purpose, and at the discretion of the Director of DEQ. The authority to inspect shall include the ability:
(1) To obtain any and all information, including records and reports, from an owner/operator of a solid waste management activity or SWMF necessary to determine whether the owner/operator is in compliance with the solid waste management regulations.
(2) To inspect any equipment.
(3) To collect samples of waste, and conduct monitoring or testing to ensure that the owner/operator is in compliance with the solid waste management regulations in this chapter.
(4) To observe operations involving the use or disposal of waste.

(b) Rights to Entry
In accordance with 2 CMC § 3132(a), for purposes of enforcing the provisions of the Commonwealth of the Northern Mariana Islands Solid Waste Management Regulations, codified in this chapter, the Director of DEQ or his authorized representative is authorized:
(1) To enter, at reasonable times, any establishment, site, premise subject or other place subject to the permit program or where solid waste is disposed, stored for transfer, or processed; including where records relevant to the operation of regulated facilities or activities are kept.
(2) To enter any premises at any time if there is substantial reason to believe that any waste disposed or stored, or otherwise present on such premises is, through accident, carelessness, or other circumstance, producing adverse effects on human health or the

environment, for the purpose of taking such action as may be necessary to prevent or mitigate further adverse effects.

Modified, 1 CMC § 3806(d), (f).

History: Adopted 23 Com. Reg. 18088 (June 19, 2001); Proposed 22 Com. Reg. 17329 (July 20, 2000).

§ 65-80-140 Variances

[Reserved.]

History: Adopted 23 Com. Reg. 18088 (June 19, 2001); Proposed 22 Com. Reg. 17329 (July 20, 2000).

§ 65-80-142 Existing Facilities

All owners or operators of existing solid waste management activities or SWMF shall file immediately an application for a permit to continue to operate. Permit applications for existing facilities will be reviewed according to part 100 of this chapter.

Modified, 1 CMC § 3806(c).

History: Adopted 23 Com. Reg. 18088 (June 19, 2001); Proposed 22 Com. Reg. 17329 (July 20, 2000).

Part 200 - Municipal Solid Waste Landfill Criteria

§ 65-80-201 Municipal Solid Waste Landfill Criteria

(a) Municipal Solid Waste Landfill (MSWLF): 40 CFR part 258 (1999) is hereby adopted by reference in its entirety and is attached as appendix I to this chapter. All municipal solid waste landfills shall comply with the provisions of 40 CFR part 258 (1999).

(b) Municipal Small Communities Exemption Landfill (SCEL): All municipal small communities exemption landfills shall comply with the provisions of 40 CFR 258.1 (f)(1) to (3) (1999) and are thereby exempt from the requirements of 40 CFR 258 subparts D and E, subject to the following:

(1) To qualify for the exemption in 40 CFR 258.1(f), the owner or operator of an SCEL shall:

(i) Identify the proposed site(s) for the anticipated SCEL and provide copies of the land rights - Proof of valid legal interest in the real property, such as land title or lease agreement, shall also be submitted to BECQ for review and approval.

(ii) Identify the proposed well site(s) or groundwater monitoring site(s) for BECQ's review and approval.

(iii) Meet with BECQ to discuss the locations to collect groundwater samples at the proposed SCEL site.

(iv) Sample for constituents listed in 40 CFR 258 Appendix I-Constituents for detection monitoring and Appendix II-Lists of hazardous inorganic and organic hazardous constituents.

(v) Demonstrate that there is no migration of hazardous constituents from the unit into the groundwater and provide results to BECQ for review and

approval.

(vi) Demonstrate baseline sample from up-gradient and down-gradient neighboring well(s).

(vii) Sample testing and assessment for (iv), (v), and (vi) above is to be performed by a qualified and certified environmental specialist(s) either in-house or outsourced. Results must be provided to BECQ for review and approval.

(viii) Submit a Solid Waste Management permit application with an indication of "Other Solid Waste Disposal Facility" on the permit application with all required supporting documents to BECQ for review and approval.

(2) The SCEL permit may be valid for a certain period as approved by BECQ, but no more than three years after its approval.

(3) Under a schedule approved by BECQ, but no more than three years after a SCEL fail to meet the standard established limits set in 40 CFR 258.1(f)(1), the SCEL must meet the requirements of 40 CFR 258 subparts D and E.

Modified, 1 CMC § 3806(d), (f).

History: Adopted 23 Com. Reg. 18088 (June 19, 2001); Proposed 22 Com. Reg. 17329 (July 20, 2000).

Part 300 - Classification of Solid Waste Disposal Facilities and Standards for Non-municipal Non-hazardous Waste Disposal Facilities That Receive CESQG Waste

§ 65-80-301 Adoption of Federal Standards

40 CFR part 257 (1999) is hereby adopted by reference in its entirety and is attached as appendix II to this chapter.

Modified, 1 CMC § 3806(d), (f).

History: Adopted 23 Com. Reg. 18088 (June 19, 2001); Proposed 22 Com. Reg. 17329 (July 20, 2000).

Commission Comment: The Commission created the section titles in part 300.

§ 65-80-305 Applicability in the CNMI

All non-municipal, non-hazardous waste disposal facilities that receive CESQG waste shall comply with the provisions of 40 CFR part 257, subpart B (1999).

Modified, 1 CMC § 3806(f).

History: Adopted 23 Com. Reg. 18088 (June 19, 2001); Proposed 22 Com. Reg. 17329 (July 20, 2000).

Part 400 - Transfer Stations

[Reserved.]

History: Adopted 23 Com. Reg. 18088 (June 19, 2001); Proposed 22 Com. Reg. 17329 (July 20, 2000).

Part 500 - Convenience Centers

[Reserved.]

History: Adopted 23 Com. Reg. 18088 (June 19, 2001); Proposed 22 Com. Reg. 17329 (July 20, 2000).

Part 600 - Recycling and Materials Recovery Facilities

§ 65-80-601 Applicability

(a) This Part regulates the construction and operation of recycling processing or materials recovery facilities.

(b) The following facilities are exempt from regulation under this Part:
(1) Recycling drop-off facilities permitted by rule; and
(2) Transfer stations and solid waste disposal facilities already permitted by DEQ, provided that the recycling processing or materials recovery operations are addressed by the facility's permit.

History: Amdts Adopted 43 Com. Reg. 47660 (Oct. 28, 2021); Amdts Proposed 43 Com. Reg. 47500 (Aug. 28, 2021); Adopted 23 Com. Reg. 18088 (June 19, 2001); Proposed 22 Com. Reg. 17329 (July 20, 2000).

§ 65-80-605 Permit Required

(a) A permit is required to construct and operate a recycling processing or materials recovery facility.

(b) Recycling processing or materials recovery facilities that are in operation as of the effective date of this regulation shall submit a complete application for a permit within one year after the effective date of this regulation.

History: Adopted 43 Com. Reg. 47660 (Oct. 28, 2021); Proposed 43 Com. Reg. 47500 (Aug. 28, 2021).

§ 65-80-610 Application for Permit

The permit application shall be completed on forms furnished by DEQ and shall include, but not be limited to, the following:

(a) Land rights. Proof of valid legal interest in the real property such as a land title or lease agreement shall be submitted.

(b) Site analysis. A site analysis shall be submitted and shall include at least a site plan, a process flow diagram, and a description of siting of equipment, machinery, public access, and turnaround areas. The site analysis shall identify any flood hazards, wetland areas, potable water supply wells, and fault areas. The site analysis shall include surrounding land uses and, where determined necessary by DEQ, describe mitigating measures taken to reduce the impact of the facility upon neighboring properties.

(c) Design requirements.
(1) Drainage. Each recycling processing or materials recovery facility shall be designed provide* adequate drainage to prevent standing water and to control "run-on" and "run-off" of rainwater.
(2) Nuisance, health, and safety control. Each recycling processing or materials recovery facility shall be designed to include methods to control litter, insects, odors, and vectors.
(3) Leachate. Waste or material storage areas and the active processing areas must be located on surfaces capable of minimizing leachate release into the groundwater under the site and the surrounding land surface.

(d) Operations plan. An operations plan shall be submitted to DEQ detailing the following:
(1) A description of the recoverable material proposed to be processed or recovered at the facility including the current management of the recoverable materials;
(2) A means of weighing or measuring all materials accepted at the facility as well as all residue, waste, and recovered materials;
(3) A plan for disposal of all residues and wastes, including intended disposal measures and capacities for temporary storage of residue and waste generated during processing or recovery; and
(4) A plan to prevent and minimize fire hazards.

(e) Closure plan. A closure plan shall be submitted to DEQ detailing what steps the facility will take upon facility closure to ensure no adverse environmental impacts.

* So in original.

History: Adopted 43 Com. Reg. 47660 (Oct. 28, 2021); Proposed 43 Com. Reg. 47500 (Aug. 28, 2021).

§ 65-80-615 Operating Conditions

The recycling processing or materials recovery facility must be operated in accordance with the approved operating plan.

History: Adopted 43 Com. Reg. 47660 (Oct. 28, 2021); Proposed 43 Com. Reg. 47500 (Aug. 28, 2021).

§ 65-80-620 Recordkeeping and Reporting Requirement

(a) The facility shall maintain daily operating records including:
(1) The type and quantity, by weight or volume of recoverable material received by the facility;
(2) The quantity, by weight or volume, of recyclable materials recovered, and of residue or waste disposed (including all waste removed from the facility for disposal); and
(3) A summary of all monitoring performed at the facility.
(4) Any major deviations from the operating plan.

(b) An annual report shall be prepared and submitted to DEQ summarizing for the period from July 1-June 30 the information reflected in the daily operating records. The report is due on July 31 of each year.

History: Adopted 43 Com. Reg. 47660 (Oct. 28, 2021); Proposed 43 Com. Reg. 47500 (Aug. 28, 2021).

Part 700 - Collection: Requirements for Commercial Waste Haulers

§ 65-80-701 Registration Required

It shall be unlawful for any person to initiate or continue the commercial collection of municipal solid waste without first registering the waste hauling vehicle with the DEQ. The annual registration fee for each vehicle shall be $50 initially, and may be revised, in writing, by the Director of DEQ.

History: Amdts Adopted 43 Com. Reg. 47660 (Oct. 28, 2021); Amdts Proposed 43 Com. Reg. 47500 (Aug. 28, 2021); Adopted 23 Com. Reg. 18088 (June 19, 2001); Proposed 22 Com. Reg. 17329 (July 20, 2000).

Commission Comment: With the exception of § 65-80-725, the Commission created the section titles in part 700.

§ 65-80-705 Information Required for Registration

All applicants shall complete and submit their registration on forms furnished by the DEQ and provide the following information for approval determination:

(a) A copy of their current business license.

(b) A list of all trucks and other equipment involved in the operation.

(c) The location of any vehicle or equipment storage facility.

(d) A copy of the insurance card for each vehicle.

(e) A copy of the CNMI Department of Public Safety (DPS) vehicle registration.

Modified, 1 CMC § 3806(f).

History: Adopted 23 Com. Reg. 18088 (June 19, 2001); Proposed 22 Com. Reg. 17329 (July 20, 2000).

§ 65-80-710 Applicant Responsible for Operation

Each registration form shall contain the original signature of the owner and applicant and shall constitute acknowledgment that the applicant will assume responsibility for operation of the collection business in accordance with the rules and regulations in this chapter and any conditions made a part of registration.

Modified, 1 CMC § 3806(d).

History: Adopted 23 Com. Reg. 18088 (June 19, 2001); Proposed 22 Com. Reg. 17329 (July 20, 2000).

§ 65-80-715 Approval of Registration

Registration applications containing all required information shall be considered approved 30 days following submittal, unless specific action is taken by DEQ. Commercial waste hauler registrations shall be renewed annually. The annual fee shall be $25 initially, and may be revised in writing, by the Director of DEQ.

History: Adopted 23 Com. Reg. 18088 (June 19, 2001); Proposed 22 Com. Reg. 17329 (July 20, 2000).

§ 65-80-720 Modification, Suspension, Revocation or Transfer

The registration may not be modified or transferred (including change of business address) without approval from the Director of DEQ. The Director, as specified under §§ 65-80-118, 65-80-120, or 65-80-122 of this chapter, may modify, suspend or revoke any commercial waste hauler's registration, if the Director determines any of the standard conditions or any of the provisions of 2 CMC §§ 3511 to 3521 or 2 CMC §§ 3101 to 3135 have been violated, or that such modification, suspension, or revocation is in the public interest. Modifications, suspensions, or revocations shall become final 10 days after service of the notice of final decision on the holder of the registration.

Modified, 1 CMC § 3806(c), (d).

History: Adopted 23 Com. Reg. 18088 (June 19, 2001); Proposed 22 Com. Reg. 17329 (July 20, 2000).

§ 65-80-725 Standard Conditions

(a) All employees shall have received proper safety training as required by OSHA.

(b) All loads shall be covered or otherwise managed to prevent windblown debris.

(c) The company name, vehicle identification number, and volumetric capacity shall be printed on both the left and right doors of all vehicles.

(d) The operator shall have in place management standards to minimize public nuisances such as odors and vectors (i.e. flies and rodents) or leaking loads.

(e) All refuse shall be managed in such a manner as to prevent any impact on public health and safety.

(f) All employees shall be made aware of any DEQ or DSWM disposal restrictions.

(g) All employees shall strictly follow any instructions given by DSWM personnel at the solid waste management facility.

History: Adopted 23 Com. Reg. 18088 (June 19, 2001); Proposed 22 Com. Reg. 17329 (July 20, 2000).

Part 800 - Miscellaneous Facilities/Activities

§ 65-80-801 Applicability

(a) This Part regulates the construction and operation of the following types of facilities:
(1) Facilities that perform any or all of the activities required for composting, including chipping, chopping, mixing, blending, spraying, spreading, curing and/or other processing;
(2) Construction and demolition waste landfills; and
(3) Salvage facilities, including but not limited to automotive salvage facilities (including automobile dismantlers and junkyards), scrap metal salvage facilities, and white goods salvage facilities.

(b) The following facilities are exempt from regulation under this Part:
(1) Facilities permitted by rule; and
(2) Transfer stations and solid waste disposal facilities already permitted by DEQ, provided that the composting, construction and demolition waste landfill, and salvage operations are addressed by the facility's permit.

History: Amdts Adopted 43 Com. Reg. 47660 (Oct. 28, 2021); Amdts Proposed 43 Com. Reg. 47500 (Aug. 28, 2021); Adopted 23 Com. Reg. 18088 (June 19, 2001); Proposed 22 Com. Reg. 17329 (July 20, 2000).

§ 65-80-805 Permit Required

(a) A permit is required to construct and operate a facility subject to § 65-80-801.

(b) Such facilities that are in operation as of the effective date of this regulation shall submit a complete application for a permit within one year after the effective date of this regulation.

History: Adopted 43 Com. Reg. 47660 (Oct. 28, 2021); Proposed 43 Com. Reg. 47500 (Aug. 28, 2021).

§ 65-80-810 Application for Permit – General Requirements

The permit application shall be completed on forms furnished by DEQ and shall include, but not be limited to, the following:

(a) Land rights. Proof of valid legal interest in the real property such as land title or lease agreement shall be submitted.

(b) Site analysis. A site analysis shall be submitted and shall include at least a site plan and description of siting of equipment, machinery, public access, and turnaround areas. The site analysis shall identify any flood hazards, wetland areas, potable water supply wells, and fault areas. The site analysis shall include surrounding land uses and, where determined necessary by DEQ, describe mitigating measures taken to reduce the impact of the facility upon neighboring properties.

(c) Design requirements.
(1) Drainage. Each facility shall be designed provide adequate* drainage to prevent standing water and to control "run-on" and "run-off" of rainwater.
(2) Nuisance, health, and safety control. Each facility shall be designed to include methods to control litter, insects, odors, and vectors.
(3) Leachate. Waste or material storage areas and the active processing areas must be located on surfaces capable of minimizing leachate release into the groundwater under the site and the surrounding land surface. Solid waste disposal areas must be located on compacted soil liners consisting of a minimum of a two-foot-thick layer of soil with a maximum permeability of 1×10^{-5} cm/sec, or an alternative design approved by DEQ.

(d) Operations plan. An operations plan shall be submitted to DEQ detailing the following:
(1) A detailed description of the source, quality and quantity of the solid waste to be collected;
(2) A means of weighing or measuring all materials accepted at the facility as well as all residue, waste, and salvaged or composted material produced;
(3) A plan for disposal of all residues and wastes, including intended disposal measures and capacities for temporary storage of residue and waste generated during processing or recovery; and
(4) A plan to prevent and minimize fire hazards.

(e) Closure plan. A closure plan shall be submitted to DEQ detailing what steps the facility will take upon facility closure to ensure no adverse environmental impacts.

*So in original.

History: Adopted 43 Com. Reg. 47660 (Oct. 28, 2021); Proposed 43 Com. Reg. 47500 (Aug. 28, 2021).

§ 65-80-815 Application for Permit – Specific Requirements by Facility Type

In addition to the application material required by § 65-80-810, the operations plan submitted with the facility application shall include the following additional information as applicable:

(a) Composting facilities
(1) A detailed description of the type and expected quantity of any bulking agent to be used;
(2) The method by which organic solid waste that possess a pathogen concern will be composted to meet the criteria for reducing pathogens. Acceptable methods are:
(i) The windrow composting method, in which the solid waste is maintained under aerobic conditions during the composting process, and is turned a minimum of five times during a period of fifteen consecutive days with the temperature of the mixture being fifty-five degrees Celsius or greater within six to eight inches below the surface of the pile;
(ii) The aerated static pile composting method, in which the compost pile must be insulated and a temperature of not less than fifty-five degrees Celsius or greater must be maintained throughout the compost pile for at least three consecutive days;
(iii) The enclosed vessel composting method, in which the mixture must be placed in an enclosed vessel and maintained at a temperature of not less than fifty-five degrees Celsius or greater throughout the mixture for at least three consecutive days; and
(iv) Other methods approved by DEQ on a case-by-case basis;
(3) A monitoring plan, including the location of monitoring points and frequency of monitoring, to ensure that the composting facility has sufficient temperature monitoring to ensure that the pathogen reduction criteria are met. For a windrow and aerated static pile process, this may include monitoring six to eight inches below the pile surface; for an aerated static pile process, this may include monitoring six to eight inches from the outlet of the aeration pipe; and for an enclosed vessel system, this may include monitoring six to eight inches inside the vessel wall and six to eight inches from the aeration piping (when operating in the positive aeration mode). Temperature monitoring must occur, at a minimum, on a daily basis; and
(4) A plan to ensure that the finished compost from composting operations shall be nonpathogenic, free of offensive odors, biologically and chemically stable, free of injurious components or particles, and able to sustain plant growth, together with a description of the ultimate use for the finished compost and the method of removal from the site.

(b) Construction and demolition solid waste landfills
(1) A waste exclusion plan to ensure that the landfill will not accept hazardous waste; electrical transformers with oil or polychlorinated biphenyls (PCB) or when generated from other than demolition projects; pesticide containers, unless they meet applicable requirements for household waste; liquids; or friable asbestos containing material, unless it complies with 40 C.F.R. Part 61, National Emission Standards for Hazardous Air Pollutants;
(2) A groundwater monitoring plan including:
(i) The location of monitoring wells (with a minimum of one upgradient and one downgradient monitoring wells, plus any additional wells required by DEQ) and a detailed description of the monitoring well construction;

(ii) A sampling plan including tests to be performed, methods to be used, and frequency of sampling (including sampling and testing of the monitoring wells prior to starting operations to establish baseline data), for the following chemicals: arsenic, barium, cadmium, chromium, lead, mercury, selenium, silver, chemical oxygen demand, total organic carbon, total petroleum hydrocarbon, and cyanide; and
(iii) Corrective action requirements should the results of testing show exceedances of water quality standards and/or elevated concentrations above baseline.

(c) No additional application requirements apply for salvage facilities.

History: Adopted 43 Com. Reg. 47660 (Oct. 28, 2021); Proposed 43 Com. Reg. 47500 (Aug. 28, 2021).

§ 65-80-820 Operating Conditions

(a) Each facility subject to this Part 800 must be operated in accordance with the approved operating plan.

(b) The owner and/or operator of each facility subject to this Part 800 must notify any potential purchaser of the property that the property has been used for regulated solid waste management activity.

History: Adopted 43 Com. Reg. 47660 (Oct. 28, 2021); Proposed 43 Com. Reg. 47500 (Aug. 28, 2021).

§ 65-80-830 Recordkeeping and Reporting Requirement

(a) The facility shall maintain daily operating records including:
(1) The type and quantity, by weight or volume of waste received by the facility;
(2) The quantity, by weight or volume, of compost produced and/or material salvaged, as applicable, and of residue or waste disposed (including all waste removed from the facility for disposal);
(3) A summary of all monitoring performed at the facility; and
(4) Any major deviations from the operating plan.

(b) An annual report shall be prepared and submitted to DEQ summarizing for the period from July 1-June 30 the information reflected in the daily operating records. The report is due on July 31 of each year.

History: Adopted 43 Com. Reg. 47660 (Oct. 28, 2021); Proposed 43 Com. Reg. 47500 (Aug. 28, 2021).

Part 900 - Financial Assurance for Non-MSWLF Facilities/Operations/Activities

[Reserved.]

History: Adopted 23 Com. Reg. 18088 (June 19, 2001); Proposed 22 Com. Reg. 17329 (July 20, 2000).

Part 1000 - Enforcement Authority and Procedures

§ 65-80-1001 Remedies for Violations

The Director of DEQ is authorized to impose the following remedies for violation of the CNMI Solid Waste Management Regulations, codified in this chapter.

(a) Pursuant to 2 CMC § 3131(a) and (c), and 2 CMC § 3519(a) and in accordance with § 65-80-1020, the Director may issue any order necessary to enforce the Acts, the regulations in this chapter, and any term of any permit issued under these regulations including but not limited to:
(1) An order to cease and desist, immediately or within a stated period of time, any violation of the Acts, the regulations in this chapter or any term of any permit issued under these regulations.
(2) An order to cease and desist immediately any activity which may endanger or cause damage to human health or the environment.
(3) An order to take such mitigating measures as may be necessary to reverse or reduce any significant adverse effects of a violation of the Acts, the regulations in this chapter, or any term of any permit issued under these regulations.
(4) An order to pay any civil penalties authorized by law for violations of the regulations in this chapter, any order issued under these regulations and any term of a permit granted pursuant to these regulations.
(5) An order to a pay a penalty for any amount expended by DEQ in taking necessary action to reverse or reduce any significant adverse effect of a violation of the regulations in this chapter, any order issued under these regulations, any term of a permit granted pursuant to these regulations.

(b) Pursuant to 2 CMC § 3131(b), the Director, through the CNMI Attorney General, may institute a civil action in the Commonwealth Superior Court to take any action authorized by law, including but not limited to the following:
(1) Enjoin any threatened or continuing activity that violates the Acts, the regulations in this chapter, any order issued under these regulations and any term of a permit granted pursuant to these regulations.
(2) Recover civil penalties for violations of the Acts, the regulations in this chapter, any order issued under these regulations and any term of a permit granted pursuant to these regulations.

Modified, 1 CMC § 3806(c), (d).

History: Adopted 23 Com. Reg. 18088 (June 19, 2001); Proposed 22 Com. Reg. 17329 (July 20, 2000).

Commission Comment: With the exception of § 65-80-1020, the Commission created the section titles in part 1000.

§ 65-80-1005 Right to Intervene

In accordance with 2 CMC § 3131(i), any citizen having an interest that is or may be adversely affected, shall be allowed to intervene as a right in any civil action to obtain the remedies specified in § 65-80-1001.

Modified, 1 CMC § 3806(c).

History: Adopted 23 Com. Reg. 18088 (June 19, 2001); Proposed 22 Com. Reg. 17329 (July 20, 2000).

§ 65-80-1010 Suspension, Revocation, Modification of Permits

If appropriate, and consistent with §§ 65-80-118, 65-80-120, and 65-80-122 and 65-80-1025 of this chapter, the Director may suspend, revoke, or modify any permit, license, or certification issued by DEQ for violation of the Acts, the regulations in this chapter and any permit or license issued pursuant to these regulations.

Modified, 1 CMC § 3806(c), (d).

History: Adopted 23 Com. Reg. 18088 (June 19, 2001); Proposed 22 Com. Reg. 17329 (July 20, 2000).

§ 65-80-1015 Knowing and Willful Violations

Any person who knowingly and willfully commits any criminal act in violation of the Acts, the regulations in this chapter, and any permit, or order issued under this chapter, and who is found guilty by a court of competent jurisdiction may be punished by a fine and/or imprisonment in accordance with the law. Any other penalties or remedies provided by this chapter, the law and/or ordered by the Director shall also remain in effect.

Modified, 1 CMC § 3806(d).

History: Adopted 23 Com. Reg. 18088 (June 19, 2001); Proposed 22 Com. Reg. 17329 (July 20, 2000).

§ 65-80-1020 Procedures for Administrative Orders

(a) Any person who is subject to civil penalties, revocation, or suspension may be served with a notice of violation and administrative order and may, upon written request, seek a hearing before the Director or designee. Request for a hearing may be served upon the Division within seven calendar days from receipt of the administrative order. Failure to request an appeal within seven calendar days shall result in the person's waiving the right to any appeal or hearing.

(b) The written request for a hearing shall serve as the answer to the complaint. The request for hearing or "answer" shall clearly and directly admit, deny, or explain each of the factual allegations contained in the complaint with regard to which the alleged violator (respondent) has any knowledge. Where respondent has no knowledge of a particular factual allegation and so states, the allegation is deemed denied. The answer shall also state
(1) The circumstances or arguments which are alleged to constitute the grounds of defense,
(2) The facts which respondent intends to place at issue, and
(3) Whether a hearing is requested.

(4) Failure to admit, deny, or explain any material factual allegation contained in the complaint constitutes an admission of the allegations. An oral answer may also be given at the time of hearing should a hearing be requested.

(c) The respondent may also request an informal settlement conference. An informal settlement conference shall not affect the respondent's obligation to file a timely request for hearing. If a settlement is reached the parties shall forward a proposed consent order for the approval by the Director.

(d) If a hearing is conducted the Director or his designee will preside over the hearing. The Director shall control the taking of testimony and evidence and shall cause to be made an audio, audio-video, or stenographic record of the hearing. The type of record made shall be at the discretion of the Director. Evidence presented at such a hearing need not conform with the prescribed rules of evidence, but may be limited by the Director in any manner the Director reasonably determines to be just and efficient and promote the ends of justice. The Director shall issue a final written decision within 15 working days of the close of the enforcement hearing. The decision shall include written findings of fact and conclusions of law. The standard of proof for such a hearing and decisions shall be the preponderance of the evidence.

(e) An appeal from the final enforcement decision shall be to the Commonwealth Superior Court within thirty calendar days following service of the final agency decision.

(f) For filing deadline purposes counting of the days shall start on the day after issuance or receipt (whichever is specified). If any filing date falls on a Saturday, Sunday, or Commonwealth holiday, the filing date shall be extended to the next working day.

Modified, 1 CMC § 3806(e), (f).

History: Adopted 23 Com. Reg. 18088 (June 19, 2001); Proposed 22 Com. Reg. 17329 (July 20, 2000).

Commission Comment: The final paragraph of subsection (b) was not designated. The Commission designated it subsection (b)(4).

§ 65-80-1025 Director's Responsibility

The Director shall have the responsibility to prepare, issue, modify, revoke and enforce orders for compliance with any of the provisions of this chapter or of any rules and regulations issued pursuant thereto and requiring the taking of such remedial measures as may be necessary or appropriate to implement or effectuate the provisions and purposes of this chapter.

Modified, 1 CMC § 3806(d).

History: Adopted 23 Com. Reg. 18088 (June 19, 2001); Proposed 22 Com. Reg. 17329 (July 20, 2000).

§ 65-80-1030 Civil Actions

The Director may initiate civil actions through the Commonwealth courts which shall be transmitted through and with the approval of the Office of the Governor and the Attorney General as necessary to enforce the regulations in this chapter. The Attorney General will institute legal actions to enjoin a violation, continuing, violation, or threatened violation of this chapter.

Modified, 1 CMC § 3806(d), (f).

History: Adopted 23 Com. Reg. 18088 (June 19, 2001); Proposed 22 Com. Reg. 17329 (July 20, 2000).

§ 65-80-1035 Search Orders or Warrants

If the Director has probable cause to believe there has been a violation of the regulations in this chapter, upon receipt of an order or warrant from the Commonwealth Trial Court or the District Court, DEQ may enter upon and search any property, take necessary samples or readings therefrom, seize evidence found therein and examine or impound any book or record found therein or specified in such order or warrant.

Modified, 1 CMC § 3806(d).

History: Adopted 23 Com. Reg. 18088 (June 19, 2001); Proposed 22 Com. Reg. 17329 (July 20, 2000).

Commission Comment: The "Commonwealth Judicial Reorganization Act," PL 6-25 (effective May 2, 1989), renamed the Commonwealth Trial Court and directed that references to the Commonwealth Trial Court in the Commonwealth Code be interpreted to refer to the new Commonwealth Superior Court. See 1 CMC § 3201 and the commission comment thereto.

§ 65-80-1040 Searches Without Warrants

The Director or his authorized representative may enter property for purposes specified in § 65-80-138 without a warrant if: a violation has occurred or is imminent; the violation poses a serious, substantial, and immediate threat to public health or welfare; or the process of obtaining a warrant or order would prolong or increase the threat, impair discovery of evidence of a violation, or impair mitigation of the threat.

Modified, 1 CMC § 3806(c), (g).

History: Adopted 23 Com. Reg. 18088 (June 19, 2001); Proposed 22 Com. Reg. 17329 (July 20, 2000).

Commission Comment: The Commission changed "treat" to "threat" to correct a manifest error. The Commission inserted commas after the words "substantial" and "violation" pursuant to 1 CMC § 3806(g).

Part 1100 - Miscellaneous Provisions

§ 65-80-1101 Severability

Should any part, section, paragraph, sentence, clause, phrase, or application of the rules and regulations in this chapter be declared unconstitutional or invalid for any reason by

competent authority, the remainder or any other application of these rules and regulations shall not be affected in any way thereby.

Modified, 1 CMC § 3806(d).

History: Adopted 23 Com. Reg. 18088 (June 19, 2001); Proposed 22 Com. Reg. 17329 (July 20, 2000).